Budget Address
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Honourable J. Gary Lane, Q.C.
Minister of Finance

Mr. Speaker:

I rise this evening to present the fifth budget of this Progressive Conservative administration.

This government is proud of our accomplishments during the last four years. Later this evening I will be outlining several exciting new initiatives which build on these accomplishments. Initiatives which will create jobs by stimulating economic opportunity and initiatives which will increase security by strengthening our traditional institutions. This dual emphasis on protecting social well-being and encouraging economic opportunity and job creation has provided a consistent focus for our government. This budget maintains that focus.

In April 1982, the Progressive Conservative Party, under the leadership of Grant Devine, was swept into office to correct a host of serious problems which were facing the province.

- Inflation and interest rates were at record levels. High interest rates were placing a heavy burden on farmers and small businesses. People were losing their homes. The previous administration's programs were ineffective.

- Young farmers were unable to own the land they worked. Family farms could not be passed down from one generation to the next. The health of many of our rural communities was threatened.

- Business was unwilling to invest in the province because of government red tape and intervention. There was an attitude that business could not be trusted. Jobs were lost to other provinces.

- The family of Crown corporations was wildly out of control. Hundreds of millions of dollars had been invested in the Crowns with losses or minimal returns.

  SGI's auto fund was virtually bankrupt. The previous government had injected almost $50 million into the auto fund in the three years prior to 1982. Six cents out of every gallon of gasoline sold in the province subsidized the fund. Insurance rate increases in both 1980 and 1981 were greater than 20 per cent.

  Sask Tel rates were increasing by 10 per cent in some years. People could not even own their own phones. Individual line service for residents of rural Saskatchewan was rejected out of hand as impossible.

- Hospitals and universities were in disrepair. University buildings in Regina and Saskatoon were collapsing. Hospitals were on a 125 year replacement cycle. Saskatchewan was spending the least per student on elementary and secondary education of the four western provinces.

- There was widespread waste in government. Morale was low. Employees were not given the tools to do the job. There was overlap and duplication. The image of sound management that the previous administration had tried to create was clearly just that - an image.

- The financial position of the province was seriously misrepresented. When the books were opened, we discovered that the bottom line had been overstated by more than $250 million. But more importantly, the Heritage Fund was used for unproductive investments such as the purchase of potash mines. No monies had been set aside for tougher times. Today, we are still paying for this lack of foresight.

How did we address these serious problems, problems which threatened to destroy the very fabric of our society? Problems caused in large measure by a government that had lost touch with the values of the people of Saskatchewan.

We introduced the Mortgage Interest Reduction Plan to protect ordinary people from losing their homes. We removed the provincial sales tax on children's clothing and power bills to ease the pressures of inflation on families.

We removed the provincial sales tax on gasoline within days of assuming office. A saving to the average Saskatchewan family of over $1,000 over the last four years. The single largest tax reduction in the history of Saskatchewan!

We replaced the Land Bank with the Saskatchewan Farm Purchase Program to allow young farmers to purchase and own the land they work. Almost 5,000 farmers have participated in this program.

We announced that we were "Open for Business" to encourage business to invest and create jobs in Saskatchewan. The Premier and other members of this government have worked diligently to encourage investment and job creation in the province. We created the Department of Tourism and Small Business to deal with the special needs of small businesses. We abolished more than 1,300 outdated or frustrating laws and regulations.

We restructured the Crown corporations and forced them to adopt more business-like practices. Well-respected business leaders were appointed Chairmen of the Boards of Directors. The results have paid off. SGI had a 3 per cent rate increase in 1983, no increase in 1984 and a rate reduction in 1985. The six cent a gallon surcharge imposed by the previous administration has been removed. SGI has been able to provide rebates to good drivers.

Sask Tel rate increases have averaged less than 3 per cent since 1982. There were no rate increases in 1984 and 1985. There will be no increase in 1986!

The Premier has announced that individual line service will soon be a reality for all residents of rural Saskatchewan. Mr. Speaker, because of good management this will not require a general rate increase.

We dealt with the serious underfunding problems in health and education. We will have increased health spending by almost $500 million or 70 per cent since we assumed office. We will have increased elementary and secondary education budgets by $156 million or almost 52 per cent. Over the last four years, Saskatchewan had the highest rate of increase in funding for post-secondary education in the country. Last year, our Partnership for Progress announced five-year funding commitments of an additional $400 million for education and an additional $300 million for health.

We improved management in government. For

the first time, managers no longer receive automatic pay increases. Pay increases are based on performance. With the help of all government employees, we have achieved savings of more than $300 million through more efficient management. Money that is now used to provide schools, nursing homes and hospitals.

Saskatchewan Today

Because of the good management of this administration, employment rose 3 per cent in 1985. In the past year, 17,000 new jobs were created. Saskatchewan had the lowest annual average unemployment rate of any province in 1982, 1983, 1984 and the second lowest in 1985. No province has done better. Inflation averaged 3.6 per cent during 1985, the lowest rate in many years. The province enjoyed a real growth rate of 4.3 per cent.

This impressive performance was achieved in spite of low commodity prices, drought, flooding, grasshoppers and early snows. But there was a cost.

The budget for 1985 anticipated a deficit of $291 million. Depressed international prices for potash and lower than anticipated tax receipts will result in reduced revenues. However, these decreases will be partially offset by better than anticipated oil revenues.

Expenditures, on the other hand, will increase because of the additional spending required to assist farmers.

In order to keep the deficit as low as possible, our government sharply curtailed discretionary expenditures during the last quarter of 1985. Controls were implemented to prevent the traditional pattern of increased spending at year-end. Restrictions were placed on out-of-province travel and only essential vacancies were filled. Through such measures, the government was able to save approximately $25 million.

The combination of revenue decreases, and our additional assistance to farmers will result in a 1985 deficit of $595 million.

The alternative to a deficit budget was to severely reduce essential services to the public and refuse to provide emergency aid for farmers. This alternative was clearly not acceptable. This alternative would have resulted in severe hardship for those residents of our province least able to protect themselves. Mr. Speaker, we were not prepared to fight the deficit on the backs of seniors, farmers and small business!

Mr. Speaker, Saskatchewan has always had a fluctuating economy. The rise and fall of resource prices and the rise and fall of prices for our agricultural commodities lead to similar increases and decreases in government revenues. A responsible government puts money aside during the good times so there are funds available in tougher times.

Rather than put money aside, the previous administration chose to invest in its family of Crown corporations. If the previous administration had put that money in the bank rather than in the Crowns, the investment would be worth $2.3 billion today. That's more than the accumulated deficit! If the money had been properly invested, the province would have an accumulated surplus today.

In 1982, we said there's so much more we can be. Today, Saskatchewan is a world leader in our most important industry, agriculture. We are a world renowned producer of hard red spring wheat. This province is generally recognized as a pioneer in the research and development of canola as a marketable crop.

Saskatchewan was instrumental in obtaining the registration of HY320, a new variety of high yield wheat that has the potential to increase sales abroad. The province's purebred cattle are on a par with anything the world has to offer and are now being sold into world markets. Aided by a new processing plant in La Ronge, we have led all provinces in wild rice production over the last few years.

The province has taken a lead role in developing a national agricultural strategy. Through the efforts of the Premier, agriculture has been placed on the national political agenda for the first time.

Saskatchewan is a leader both nationally and internationally in the development and application of advanced technology. Sales are now $400 million annually compared to $80 million in 1982. Saskatchewan expertise is helping install fibre optics in other provinces, the United States and the Caribbean.

Saskatchewan engineers are now actively promoting rural electrification in India while Saskatchewan farmers are advising the Chinese on dryland farming operations.

Mr. Speaker, Saskatchewan is now known around the world as a source of technical expertise. Saskatchewan companies are selling data switching technology to NASA and the United States Senate, satellite communication technology to Brazil, computer health care systems to the United States and the Middle East, justice information systems to the Los Angeles Police Department, workers' compensation systems to North Dakota and telephone equipment to China.

Superior farm implements have been developed in Saskatchewan and are now manufactured here. They are sold to the United States, Australia, France, Saudi Arabia, the U.S.S.R. and many other countries. The trade offices which we have established around the world are helping Saskatchewan companies expand into new markets. I am pleased to announce that this budget contains funding for a new trade office in Minneapolis and we are looking seriously at a Saskatchewan trade office in New York.

Saskatchewan people have risen to positions of prominence in all fields of endeavour including business, entertainment, the arts, and sports. This government has recognized their accomplishments through the Saskatchewan Award of Merit. Their success is a confirmation to everyone in Saskatchewan that just as individuals have had great success, so can our province.

Saskatchewan must sell its story, its products and its people to the world. This government and the people of the province have taken the first steps to put Saskatchewan on the world stage. We must look beyond our borders because it means opportunities and jobs here in Saskatchewan.

Economic Development Plan

Mr. Speaker, economic growth is responsible for our quality of life. The jobs and prosperity generated from economic activity support the social institutions necessary for a progressive and caring society. During the late 1960s and early 1970s, the world economy was healthy so governments devoted their energies to the distribution of unprecedented levels of income.

But times have changed. The economic downturn in the early 1980s meant that the growth in government revenues has declined. This fundamental change in the economic environment has increased the need for governments to have solid plans for economic development and job creation if they are to preserve the social institutions and programs which provide security for families and individuals.

In developing such a plan for Saskatchewan, we had to be realistic. The plan had to be able to deal with the peaks and valleys of world and national economies. The plan had to prepare Saskatchewan to stand on its own, ready to face the world.

The plan that we have employed so successfully has three components:

- creating a positive **climate** for economic development;
- building on those sectors of the economy where we have natural **strengths**; and
- encouraging public **participation**.

Mr. Speaker, this is a common sense plan, a plan that we have followed consistently and a plan that provided the framework for the economic development initiatives that I will announce later tonight.

I would like to review the progress we have made in implementing this plan.

Creating the Climate

Creating a positive climate for economic development meant that the image of Saskatchewan had to be changed. We gave a clear message that government again was willing to work with business after many years of anti-business rhetoric.

The "Open for Business" theme was a visible demonstration of our commitment to encourage Saskatchewan companies to expand into the national and international marketplace; to provide services to business to help them succeed; to maintain the competitiveness of our agricultural, energy and small business sectors; and to improve the investment climate.

"Open for Business" is clearly working. In a difficult time for agriculture, a total of 17,000 new jobs were created last year. Proof of the increasing diversification of our province.

This government has played a major role in developing new foreign markets by providing financial assistance, market research and export counselling to Saskatchewan companies. Since 1982, the Aid to Trade Program has resulted in the creation of almost 400 jobs in the province.

Several trade offices have been established including those in Hong Kong and Vienna. Our pavilion at Expo 86 will showcase Saskatchewan to the entire world. Mr. Speaker, this government is not afraid to look outward toward the world.

Our government provides a number of services to business. For example, business resource centres provide information and assistance to small businesses. These centres have responded to almost 50,000 requests for information and assistance since 1982. Through our cost-shared studies program, we have helped more than 80 companies examine the feasibility of establishing new plants or expanding into new markets.

Scientific and technical programs have been put in place to foster co-operation between industry, the universities and government. The Advanced Technology Training Centre in Saskatoon was created to respond to the need for skilled manpower in the high technology sector. Between 1982 and 1985, the number of advanced technology firms has increased from under 40 firms employing less than 1,800 people to almost 140 firms employing nearly 2,900 people.

Interest rates on loans to small business were reduced to 9% per cent to make the climate for small business more secure. Over 5,200 businesses are participating in this program introduced only last May. The program has helped to maintain almost 23,000 existing jobs.

Changes to the oil royalty tax structure resurrected a dying industry and quickly created over 4,900 person years of employment. Various initiatives to foster gas drilling, including a natural gas self-sufficiency program, spurred record levels of activity.

A tax holiday was provided to Saskatchewan small businesses engaged in manufacturing and processing. In addition, the sales tax on research and development prototypes was eliminated.

The investment climate had to be changed to encourage Saskatchewan savings to remain in the province and create jobs for Saskatchewan people. Opportunities to invest in Crown corporations, the Venture Capital program and the Livestock Investment Tax Credit provide major opportunities for the people of Saskatchewan to invest in the province. These programs are providing a strong signal that the investment climate has changed in Saskatchewan.

Building on our Strengths

This government also recognized that it is important to build on our natural strengths. Agriculture has been and will continue to be the mainstay of the provincial economy. However, we are also blessed with a rich resource base and a highly skilled and motivated work force. The challenge is to develop policies and programs to build on these and other strengths.

In order to build on our strength in agriculture, we provided incentives to encourage hog production. If the hog producers of the province are prepared to take up the challenge, the expansion of Intercontinental Packers and Gainers has the potential to create up to 4,000 additional jobs.

A five-year $200 million dollar Agriculture Development Fund was introduced last year to finance major programs in research and productivity improvement. A major commitment to the future of agriculture in this province!

Government loan guarantees have meant that the construction of the NewGrade Upgrader will proceed as planned. This project will result in 2,800 construction jobs and will allow Saskatchewan oil to be refined in Saskatchewan. A powerful example of the jobs that can be created when we build on our resource strengths! Mr. Speaker, we remain fully committed to the Lloydminster Upgrader. Our government believes that this project is vital to the future of Saskatchewan. We will not be shortsighted. We will continue to work vigorously to ensure that the project proceeds.

We are building on the other resource strengths of Saskatchewan. The Rafferty and Alameda Dams and the Shand Power project will provide electric power, a recreational lake and water for irrigation. These projects will create 7,400 person years of construction employment and 280 permanent jobs. International co-operation has resulted in a significant financial contribution to the project from the people of the United States.

This government is also actively pursuing major developments in the further processing of our forest and natural gas resources.

In order to prepare our young people for the opportunities that economic development will create, we instituted a major expansion of our technical training system. The number of training spaces available to our young people has been increased by more than 45 per cent since 1982. In addition, funding for approximately 5,500 new placements was added to our community college system.

Long-term funding commitments were made to our elementary and secondary system and our universities. Four hundred million additional dollars will be spent from 1985 to 1990 to ensure that our young people are prepared for the 1990s.

Encouraging Participation

Traditionally, the investment benefits of Saskatchewan savings have not remained in the province. Instead they have been siphoned off to New York and Toronto by the banks and trust companies. Even our own Saskatchewan pension plans were not investing in the province. A major challenge for our government was to devise ways to encourage the investment of Saskatchewan savings in Saskatchewan. The programs that were developed have been greeted with enthusiasm.

For example, the Venture Capital Program was created to allow individuals to invest in the province's manufacturing and processing, tourism, and research and development industries. To date, more than 50 firms have taken advantage of this program. This has resulted in $32 million of additional investment by Saskatchewan people.

The Livestock Investment Tax Credit was developed to provide both farm and non-farm investors with the opportunity to invest in finishing livestock. To date, almost 5,000 individuals have made use of this program.

Mr. Speaker, the previous administration prevented the people of Saskatchewan from investing in their own Crown corporations. I am pleased that nearly 30,000 Saskatchewan people have now participated in the economic development of the province through the purchase of Sask Power and Saskoil securities. Together these opportunities have raised $275 million for our own Crown corporations. By the end of June, our Crown corporations will have made almost $25 million in interest payments to Saskatchewan people. That's money going to Main Street - not Bay Street - not Wall Street!

Mr. Speaker, we welcome the increasing participation of women in the business

community of Saskatchewan. In 1985, Saskatchewan held two "Women in Business" conferences which were attended by over 500 women. Our government is confident that this province will see its first women's venture capital corporation in the near future. Women now own an increasing percentage of the small businesses in the province. Because of their record of success, this government looks to women for business leadership.

The Community Economic Development Program provides assistance to communities to encourage new economic development opportunities. It is an example of yet another kind of participation that we have encouraged; local people participating in planning their economic futures. To date, some 53 communities have participated in this program.

In the past, native peoples have not been given the opportunity to fully participate in the province's economic development. Opportunities are now provided through the Indian Economic Development Fund. Over 80 initiatives are either ongoing or on the drawing boards. I am pleased that this budget increases the Fund by $1 million for 1986.

This government has recently settled land claims with the Fond du Lac and Lucky Man bands. These settlements will provide the opportunity for these two bands to achieve economic self-sufficiency.

Mr. Speaker, Saskatchewan embarked on a new direction for economic policy in 1982 that is clearly delivering results. Between 1982 and 1985 the number of small businesses in Saskatchewan increased by almost 4,000. A total of 17,000 new jobs were created last year.

Later this evening, I will be outlining several new initiatives which are consistent with our plan to create economic opportunities and jobs for the people of Saskatchewan.

Protection

Mr. Speaker, this government is committed to encouraging opportunity and protecting our people.

I have just outlined the economic development plan that we have been following since we took office. A plan that is working in spite of difficult international economic conditions. A plan that is creating opportunities and jobs for the people of this province.

This government also recognizes that it must provide our citizens with protection against sickness, natural disasters, unemployment and hardship - that it must protect and enhance our quality of life. I would now like to describe some of our security initiatives.

Rural Saskatchewan

Mr. Speaker, this government has repeatedly demonstrated its resolve to protect the family farm.

- The Farm Land Security Act provides relief for farmers facing foreclosure action.
- The 1985 Crop Drought Assistance Program made $68 million in drought assistance available to 13,000 farmers. This is in addition to the $374 million already provided under the regular crop insurance program.
- Livestock Drought Assistance gave 16,000 farmers $29 million in 1984 and $30 million to 13,000 farmers in 1985.
- The Production Loan Program has provided more than $920 million at 6 per cent interest to more than 46,000 farmers.
- The Oil Royalty Refund Program will return over $42 million to farmers during 1986.

This government has not and will not turn its back on the family farm.

Mr. Speaker, funding for the Department of Agriculture will more than double in 1986; an increase of over $118 million. The largest increase in expenditures on agriculture in the history of the province!

This government is committed to protecting and enhancing the quality of rural life in Saskatchewan. We believe that one of the best ways to encourage people to remain in rural

Saskatchewan is to provide them with the same amenities that urban residents enjoy. Sask Power's Natural Gas Distribution and Rural Underground Distribution programs and SaskTel's Rural Individual Line Service program are examples of our commitment.

This government also recognized the need to provide rural residents with a broader choice of television services. Federal regulations and provincial legislation were changed in 1985 to allow municipalities to own and operate local cable TV and rebroadcasting systems in communities too small to attract commercial operators. Two communities, White City and Regina Beach, have already been licenced under this initiative. Over 40 other Saskatchewan communities have expressed serious interest in being licenced. Other provinces are now following Saskatchewan's lead.

In addition to enhancing the quality of rural life, these initiatives will create more than 1,000 jobs during 1986. They have also resulted in a new manufacturing plant for Phillips Cable in Moose Jaw.

Families

Mr. Speaker, this government believes that no institution is more important than the family. We are committed to protecting families from economic hardship.

Our government is proud to have put in place a program which protects single parent families. Through an automated system to enforce the payment of maintenance orders, we are ensuring that single parents will collect the assistance that is their rightful due.

The government has taken initiatives to prevent family violence, including the prosecution of wife batterers.

Mr. Speaker, this government also recognizes that it must improve the quality, availability and affordability of child care in the province. This budget provides more than $13 million for day care during 1986, an increase of over 9 per cent. This budget includes, for the first time in Saskatchewan, provision for direct operating grants to day care centres. Based on our consultations across the province, we are confident that these initiatives will improve the financial viability of day care centres. High quality child care will remain affordable in Saskatchewan.

The hard work and determination of our senior citizens built this province and our government will not see them in need. In our budget two years ago, we increased the monthly senior citizens' supplement by $25 for singles and $30 for couples. This year, the Senior Citizens' Heritage Program will put almost $40 million into the hands of our senior citizens helping them to lead independent lives.

We are continuing to provide funding for the five-year $25 million Senior Citizens' Home Repair Program. This program provides financial assistance to allow senior citizens to remain in their homes. In addition, I am pleased to announce that this budget will increase the Seniors' Non-Profit Housing Program by $4.5 million.

Our government ended the moratorium on nursing home construction imposed by the previous administration. We have also contributed towards the construction of over 2,000 senior citizen housing units during the past four years. For 1986, an additional 540 senior citizen housing units will be supported.

Mr. Speaker, our government's determination to protect families and individuals from economic hardship has been demonstrated again and again. We protected families from the high cost of living. We protected 44,000 Saskatchewan families from high mortgage interest rates. We eliminated the provincial sales tax on gasoline, saving the average Saskatchewan family more than $1,000 over the past four years. We eliminated the sales tax on children's clothing and footwear.

We undertook these initiatives because we recognize that the costs of raising families are increasing. This government also recognizes that middle income families are coming under increasing economic pressure.

I am pleased that our government has decided to expand on these initiatives to protect families. Effective midnight tonight, all clothing, footwear and yard goods valued at less than $300 will be exempt from the sales tax! This measure will provide an additional $23 million in tax savings to Saskatchewan residents for 1986.

We are proud that virtually all essential goods are now sales tax free in the province of Saskatchewan!

Mr. Speaker, less than half of all Canadians are covered by a private pension plan. Today, many Saskatchewan people do not have the opportunity to save for a secure and worry-free retirement. Low and middle income earners who are self-employed or work for small businesses are particularly under-represented in private pension plans. Part-time workers and homemakers also have less opportunity to put money aside for their retirement than other members of our society.

This government is committed to ending these inequities in Saskatchewan! We are making a major commitment to improving the opportunity for Saskatchewan people to save for retirement. As announced in the Throne Speech, this government will be introducing the Saskatchewan Pension Plan. This voluntary plan, which is not designed to compete with private pension plans, will:

- help small business to establish pension plans for their part-time and full-time employees; and
- assist self-employed persons to establish savings plans for their retirement.

Mr. Speaker, our government has demonstrated its commitment to protecting the Saskatchewan family. However, Saskatchewan homemakers, who have chosen to raise families or who are in and out of the work force, have very few opportunities to save for their retirement. This government is committed to removing this inequity! This government is committed to protecting homemakers who are the heart and soul of our families.

Mr. Speaker, this government will be including homemakers in the Saskatchewan Pension Plan!

We are moving forward to provide a safe and secure future for Saskatchewan homemakers. We will be encouraging the federal government and the other provinces to follow our lead and develop a national homemakers' pension plan based on our model.

Health

Mr. Speaker, this administration is proud of its achievements in providing quality health care to the people of Saskatchewan. We are committed to protecting and enhancing the health care system.

Health expenditures will have increased by almost 70 per cent since we formed the government. We forecast an average health care expenditure in 1986 of $1,200 for every man, woman and child in this province. In total, the health care budget of $1.2 billion amounts to nearly one-third of the total provincial budget.

In 1976, the previous administration placed a moratorium on the construction of nursing home beds. We ended their moratorium! Our government launched a five-year, $25 million program to build 1,000 new nursing home beds and replace another 600 that had fallen into disrepair. Mr. Speaker, I am proud to say tonight that we are extending this program to a sixth year.

In 1985, Partnership for Progress announced a five-year commitment of $300 million towards new health care facilities. This year's expenditure for health care facility construction will exceed $75 million, the largest amount in the history of the province! More than double the best year by any other government in the history of Saskatchewan!

Provision has been made for almost $70 million to be spent on hospitals, including those in Saskatoon and Regina, and the new cancer clinic in Saskatoon. Special care facilities will be allocated over $5 million.

This government is concerned about the length of waiting lists for elective surgery. The problem is most severe in Saskatoon, in large part because of the demand for Saskatoon services by other Saskatchewan residents. In order to address this problem, we will be establishing a second day surgery unit at the Saskatoon City Hospital and expanding in-patient surgical capacity at St. Paul's and University Hospitals.

Mr. Speaker, this administration recognizes that quality health care is more than buildings and beds. In 1976, the former government reduced hospital staffing by over 300 positions. This administration has added over 700 positions in the last four years!

The Minister of Health has recently announced the creation of a five-year, $100 million Patient Care Fund. The Fund will provide new equipment, increase patient care and reduce waiting lists. Nearly 700 new health care positions will be provided to hospitals and nursing homes in 1986. Approximately 300 of these new positions will be nurses. This government has increased the number of health care positions every year since 1982!

In total, expenditures for the health care system will increase by $126 million during 1986. The largest single year increase in health care expenditures in the history of the province!

Education

This government has recognized the importance of protecting our primary and secondary education systems. For this reason, we have increased funding by almost 52 per cent or $156 million since 1982.

For 1986, funding for elementary and secondary education will increase by approximately $41 million or 10.2 per cent. This includes a 5 per cent increase to the operating grant which will maintain the province's share of education costs. In addition, 45 new capital projects will be funded including five new community schools - public schools for Moose Jaw, Prince Albert, and Saskatoon and new public and separate schools for Regina.

Last year, Partnership for Progress introduced a five-year, $275 million Education Development Fund. During 1985, the Fund provided more than $600,000 to encourage students to stay in school and receive a grade 12 or university education.

Total 1986 expenditures from the Fund will be $60 million, an increase of $25 million. We promised to commit $60 million in 1986 and we are committing $60 million. These funds will be available to school divisions for efficiency improvement efforts, enriched learning resources such as computer equipment and libraries, and other program improvements.

In last year's budget, Partnership for Progress also established a five-year, $125 million University Renewal and Development Fund to provide the universities with a stable and predictable base level of capital funding. The Fund is also used to enhance research capabilities and repair or replace collapsing buildings. The 1986 portion of this Fund will be $18 million, another example of this government keeping its promises.

I am pleased to announce that operating grants to the universities will increase by 3.2 per cent in 1986 to almost $144 million.

The Minister of Advanced Education and Manpower will be announcing the details of changes to our student assistance program. Changes which will remove unfair restrictions, increase loan limits and reduce the interest rate on student loans to 6 per cent!

This government believes in the importance of linking skills training to the marketplace. In addition to providing opportunities for our young people to participate in economic growth, this linkage helps create a positive climate for business by providing a highly skilled and motivated work force.

In 1982, over 50 per cent of the applicants to technical institutes were turned away because there were not enough training spaces. We embarked on a four-year program, at a cost of $52 million, to rectify this situation. This year's budget provides $9.0 million for the Northern Institute of Technology in Prince Albert. This

facility will provide over 700 training spaces for our young people during 1986.

This government is optimistic about the future of Saskatchewan. Our optimism is exemplified by our commitment to the educational systems of this province. Education to equip our young people to participate in our economic prosperity.

Municipal Government

Mr. Speaker, this government recognizes that municipalities depend to a large extent on the provincial government for financial support. It would have been easy for us to pass on our economic burdens to the municipalities as previous administrations and other provinces have done. We have chosen not to follow that course.

In 1986, we will be providing more than $70 million to urban municipalities in unconditional operating grants and over $17 million in unconditional capital grants. Rural municipalities will receive more than $48 million in operating and capital grants.

Opportunity

Mr. Speaker, our economic development plan is encouraging economic opportunity in order to create permanent and productive jobs.

In a few moments, I will be describing some exciting new initiatives, initiatives which will encourage further economic opportunity and job creation. Initiatives which are part of our plan to create the climate, build on our strengths and encourage participation.

Let me begin by reviewing our policies and programs in the agriculture and resource sectors.

Agriculture

Mr. Speaker, this government is committed to protecting the family farm. We are also determined to create opportunities that will ensure the future prosperity of our agricultural industry.

We have recently introduced two major programs to protect the family farm and create opportunities. More than 46,000 grain farmers have benefited from $920 million at 6 per cent interest through our Production Loan Program. The Oil Royalty Refund Program will return over $42 million to Saskatchewan farmers during 1986.

Last year, Partnership for Progress introduced a five-year, $200 million Agriculture Development Fund. The Fund is supporting initiatives in irrigation, research and development and marketing research. This government will provide $25 million to the Fund this year. The Premier will be providing further details of 1986 projects in the weeks ahead.

The Premier recently announced that we will be building the long-needed College of Agriculture building in Saskatoon. The total cost of the new facility is estimated at $78 million with funding to be provided by the provincial government, the University of Saskatchewan, the federal government and the general public. The new building will ensure that the College maintains its place as a world leader in agricultural research and education. It will also provide our agricultural industry with new opportunities to retain its competitive edge in the international marketplace.

The Livestock Investment Tax Credit Program was introduced in 1984. This program provides provincial tax credits for livestock fed in the province to slaughter condition. Another innovative way to invest Saskatchewan savings in Saskatchewan's future! I am announcing tonight a three-year extension to this program.

Mr. Speaker, hog production must be increased by 200,000 per year in each of the next five years in order to realize the full potential of the opportunities in this industry. This government has developed a comprehensive program to provide working capital, encourage construction of new or expanded facilities and attract equity investment.

First, the Premier announced the Cash Advance Program to provide working capital. This program provides a $25-per-hog interest-free cash advance which is repayable when inventories are reduced.

Second, in order to encourage construction of new or expanded facilities, the eligibility criteria for Agricultural Credit Corporation loans were expanded and the interest rate fixed at 8 per cent.

I am pleased to announce tonight the third component of our comprehensive program. This government will be introducing a Livestock Facilities Tax Credit equal to 15 per cent of the capital cost of eligible livestock facilities. The tax credit will apply to the construction of all new facilities or the major expansion of existing facilities begun after January 1, 1986 where the principal use is raising livestock.

Mr. Speaker, the rest is up to the hog producers of this province!

We all know that agriculture is now facing difficult times. Our government has acted forcefully to protect the family farm. We recognized however that we had to act today to lay the foundations for prosperity tomorrow. Our initiatives to encourage economic opportunity by building on our strength in agriculture will achieve that goal.

Resources

Mr. Speaker, the creation of economic opportunities in the resources sector has been challenging for this government. Challenging because of the legacy of the previous administration. A legacy of government intervention and the complete alienation of the private sector.

Our actions were straightforward. Government created the climate. We worked with the industry and private investors - not against them. In four short years, we have achieved remarkable successes. Successes which have diversified our economy. Successes which cushioned the effects of the drought on many communities in Saskatchewan. I would like to review our progress.

In 1982, the oil industry was in shambles. Oil servicing companies were receiving government subsidies to pay employees not to work. By the end of 1985, we had created 4,900 person years of employment and over $1 billion in investment. In 1981, 807 wells were drilled. In 1985, 3,848 wells were drilled. Mr. Speaker, we provided the climate and the industry responded to our challenge!

Recently, the actions of OPEC have caused a sharp drop in world oil prices. We believe that the price drop is a short-term phenomenon and that by the end of 1986 prices will have recovered to reasonable levels.

The potash industry is also troubled by weak international prices which reflect world oversupply. The legacy of the previous administration in the potash industry is particularly unfortunate. Potash companies whose mines were bought out by the previous government used the cash to build new mines. Excessive taxation in Saskatchewan meant that mines were built in New Brunswick and other countries. The pricing policies of the government-owned Potash Corporation of Saskatchewan in 1980 and 1981, when demand for potash was high and supplies were limited, alienated many international customers. Had the former government remained in power, they would have implemented policies to have Saskatchewan mines fighting against other Saskatchewan mines in offshore markets.

This government has implemented sound, long-term potash policies which will provide a solid foundation for a thriving industry into the 1990s. We are pursuing a moderate price strategy to keep competitors out of the marketplace. Market development initiatives in offshore countries such as China are beginning to pay dividends. Advertising campaigns, promoting Saskatchewan potash, are now a daily occurrence in China. Through these initiatives, we expect to see strengthening in prices and volumes in 1986.

Natural gas remains a bright spot in the resource sector. The previous administration was content to buy natural gas from Alberta at the expense of jobs for Saskatchewan people.

Only 9 natural gas wells were drilled in this province in 1982!

Last year, the Premier announced a new self-sufficiency policy to increase Saskatchewan's natural gas revenues and to create Saskatchewan jobs. Last year, 437 wells were drilled in Saskatchewan! In addition, the increased exploration activity has resulted in an increase in our estimate of natural gas reserves. The province is well on its way to self sufficiency, Mr. Speaker!

In uranium, prices are beginning to strengthen as international inventories are depleted. With Saskatchewan's competitive production position, the future of this industry in the province is encouraging.

Through much of the first half of this decade, markets for our forest products have been depressed due to a combination of declining housing starts and weak demand for Canadian kraft pulp and paper products.

This government has modified existing policies to keep Saskatchewan's forest industries viable in anticipation of better international conditions.

Conditions are now improving for our forestry industry. Increases in the value of foreign currencies against the Canadian dollar, coupled with a recovery in housing starts, will lead to increased forest product demand.

Tax incentives and targeted government geological surveys have increased exploratory activity in northern Saskatchewan. In the past four years, gold exploration has tripled. We fully expect a new gold mine to be in operation north of La Ronge in 1987.

Mr. Speaker, our initiatives in the natural resource sector have diversified Saskatchewan's economy during the last four years. As we look to the future, we recognize that there will be peaks and valleys in our natural resource industries. In contrast to the previous administration, our initiatives will ensure that the people of Saskatchewan receive the maximum economic benefits from their rich natural resource heritage.

Small Business and Investment

In recent years, the small business sector has been responsible for the creation of the majority of new jobs in Saskatchewan. Small business must be given the opportunity to further expand and create more new jobs. Mr. Speaker, I will be outlining several initiatives tonight which provide that opportunity:

- a corporate tax holiday for new small businesses;
- a major improvement to our 9 and 5/8 Program;
- a Stock Savings Plan;
- a one-year extension to the Industrial Incentive Program;
- extensions to the Venture Capital Program;
- the creation of Labour Venture Capital Corporations;
- the introduction of the Saskatchewan Agriculture and Commercial Equity Corporation;
- financial assistance for Community Development Corporations; and
- an Entrepreneur Training Program.

In order to improve the climate for the formation of new small businesses, this government will introduce a two-year corporate tax holiday for new small businesses incorporated after tonight.This will improve the financial stability and cash flow position of new business ventures.

Mr. Speaker, this is a major signal that we are counting on small business in the province to create opportunities and jobs. When we created a favourable tax climate in the oil and gas industry, it flourished. This government is confident that the same thing will happen in the small business sector.

A stable interest rate climate is essential to

encouraging the expansion of existing small businesses. I am pleased to announce that effective midnight tonight we will make a major improvement to our 9 and 5/8 Program. The interest rate will be reduced to 8 per cent and the maximum loan limit increased to $100,000. The Program will also be expanded to include implement and automobile dealers. In addition, the small business corporate tax holiday on manufacturing and processing income will be continued.

Saskatchewan business people have been telling us of their concerns about the unfair burden imposed by the business tax, of which one-third of the provincial total is collected by the City of Regina.

Our success with the oil industry should provide a useful example for communities. When we lowered taxes, the industry grew. Jobs were created and our revenues increased.

If communities were to lower taxes for business, their tax base would expand and residential taxes would be reduced. The town of La Fleche has removed the business tax and other communities are studying the problem.

Mr. Speaker, I am announcing tonight the creation of a Stock Savings Plan to encourage equity investment by Saskatchewan residents. The plan is part of our continuing emphasis to encourage public participation in the Saskatchewan economy.

The plan will improve the availability of capital to Saskatchewan businesses and will be used by Saskatchewan public companies to finance future expansions. The plan will provide income tax credits to Saskatchewan investors equal to 30 per cent of their investment. A maximum of $3,000 in tax credits may be earned by an individual investor annually.

The Industrial Incentive Program provided one-time payments of $7,500 for each new permanent job created by manufacturing and processing firms. This program has encouraged more than 300 firms to expand and create more than 3,500 permanent jobs. Mr. Speaker, the Industrial Incentive Program will be extended an additional year!

The Venture Capital Corporation program was introduced in 1984 to encourage investment in small business. The program offers a 30 per cent provincial income tax credit to investors in venture capital corporations.

I am pleased to announce the further expansion of this program to include agricultural firms. In addition, the provision which limited certain types of investment to communities of 5,000 or less has been revised upwards to communities of 20,000 or less. Mr. Speaker, we now expect to see new venture capital corporations in Weyburn, Melfort, Yorkton, North Battleford, and many other communities in Saskatchewan.

This government has announced its commitment to involving organized labour in the creation and maintenance of jobs through new Labour Venture Capital Corporations. These corporations will give organized labour the opportunity to create jobs in Saskatchewan by channelling investments to small and medium-sized businesses.

The individual union member will receive a provincial tax credit equal to 20 per cent of the cost of the investment. When combined with the matching federal tax credit, a 40 per cent tax benefit will be available.

If organized labour takes up the challenge, there is the potential to create a significant number of new jobs. Union members and their families will have a real opportunity to create jobs in Saskatchewan and save taxes.

This government will also introduce a Saskatchewan Agriculture and Commercial Equity Corporation to provide Saskatchewan residents with a unique opportunity to make diversified investments in the province. The Corporation will make investments in various sectors of the Saskatchewan economy and will participate on a joint venture basis in major capital projects.

The Corporation will provide a major ongoing stimulus for economic development. It will establish a highly visible centre of corporate management expertise in the province and

significantly enhance Saskatchewan's image in the Canadian business sector.

Mr. Speaker, The Rural Development Task Force completed its study in 1985. Our government will provide funds this year to implement a major Task Force recommendation. Financial assistance will be available to municipalities interested in establishing Community Development Corporations. These corporations will provide opportunities for local economic development, particularly in smaller communities.

The Minister of Tourism and Small Business will be announcing the details of an Entrepreneur Training Program. This program will provide individuals with the necessary skills to create their own businesses.

Mr. Speaker, we are providing every opportunity for people in Saskatchewan to own and operate their own companies. There will never be a better time for Saskatchewan people to own their own small business!

The long-term benefits of these programs will be substantial! In keeping with our promise, 60,000 more people will be working this summer than were working when we took office.

This administration believes that banks and large corporations should do their part in establishing and promoting small business in Saskatchewan. This is only fair since a healthy small business sector contributes significantly to overall growth in the economy.

In order to finance our new small business initiatives, I will be announcing two new tax increases later this evening. These increases will apply only to the banks and our largest corporations and will completely finance the new small business initiatives I have just announced.

Job Creation

Our plan for economic development is working. In the past year alone, we have created 17,000 new jobs under difficult economic conditions. Our government recognizes that temporary employment, on-the-job training programs and government capital spending are a necessary component of our efforts to provide economic opportunities. It is for this reason that Partnership for Progress introduced a five-year, $600 million Employment Development Fund.

We will be providing approximately $125 million through the Fund for job creation and training programs during 1986. This activity, when combined with our capital spending, will create in excess of 20,000 jobs.

Direct employment and job training programs will be available to all employers to:

- alleviate seasonal fluctuations in unemployment for the general labour force and students through short-term subsidy programs; and
- reduce high unemployment rates for disadvantaged workers through targeted employment subsidies and training.

Mr. Speaker, when we came to office we found a welfare system that encouraged 16 and 17 year olds to leave home and school to collect welfare. A system that encouraged abuse but gave no hope. Mr. Speaker, these are the reasons why we instituted our program of welfare reform. Although the purpose of this program was to restore to welfare recipients those basic Saskatchewan values of hard work and individual initiative, it was met with a good deal of opposition. However, this government persevered.

Saskatchewan was the first province to provide welfare recipients with meaningful training and employment opportunities. Other provinces have followed our lead. In 1985, 1,700 jobs were created for former welfare recipients and 2,000 assistance clients were registered in training. Largely as a result of these programs, I am happy to report that last year's social assistance costs were $24 million less than they would have been under the previous government's system.

As impressive as they are, we have not been satisfied with these improvements. We are convinced that more can be done and we will stay the course of welfare reform.

During 1986, we will establish a comprehensive Employment Opportunities Strategy for employable social assistance recipients. This new program will ensure that welfare recipients do not merely receive a cheque from government but also have opportunities to learn job skills, job responsibilities and perform public service. Those with special needs such as single parents and youth will be given the opportunity to participate in programs to improve their employment prospects.

This government wants to give welfare clients more than a subsistance living. We want to give them hope and determination to succeed on their own. We want to break the welfare cycle.

Mr. Speaker, this government recognizes that the housing industry is a major creator of employment in the province. Through programs such as Build-a-Home and public housing, the provincial government has provided assistance to approximately 40 per cent of all housing starts in the last four years.

I am announcing tonight an additional housing initiative, a First-Time New Home Buyers Program. First-time home buyers purchasing a new home between now and the end of 1986 will be eligible for a $3,000 grant. The grant is effective immediately and applies to the current inventory of unsold new homes. This program will make housing more affordable for those families interested in purchasing their first new home. At the same time, it will create opportunities in the housing industry by stimulating an additional 2,000 new housing starts and creating almost 1,800 new jobs.

Government Management

I would now like to turn to the government's financial management plan for 1986-87.

Revenues

For 1986, forecasts indicate that Saskatchewan will have one of the highest growth rates in the country and inflation will approximate 1985 levels. Saskatchewan has been a leader in job creation and that trend will continue.

With a good crop in the coming year we can expect agricultural revenues to rebound. International economic conditions indicate that oil and potash prices will strengthen from existing levels but be lower than we anticipated at this time last year.

Provincial oil revenues are expected to fall by $144 million in 1986 from the 1985 budget estimate. At the same time, potash revenues will decline by $21 million. These decreases are a direct result of low world prices.

Saskatchewan residents enjoy one of the lowest tax burdens in the country so it would have been easy to make up the revenue shortfall by tax increases. This government did not choose to follow that course! This government does intend to see that those corporations and individuals who have the ability to pay are required to pay.

For the reasons I outlined earlier, we believe that it is only fair that large corporations and banks should help establish and promote small business in the province. Our small business initiatives will be financed by two tax increases affecting only our largest corporations.

- Effective January 1, 1986, the general corporate capital tax rate will increase from 0.3 per cent to 0.5 per cent. For banks, the rate will increase from 2 per cent to 3 per cent. For trust and loan companies, the rate will increase from 0.8 per cent to 1.2 per cent. These increases will only affect those corporations with paid up capital greater than $10 million and will generate an additional $21 million in revenues in 1986.

- Effective January 1, 1986, the general corporate income tax rate will increase by one percentage point from 16 per cent to 17 per cent. This increase will result in additional annual revenues of $7 million. Small businesses with active business income less than $200,000 per year will not be affected by this measure.

In addition to these two tax increases, I am announcing one other revenue generating initiative. Effective midnight tonight, the tax on

cigarettes will be increased by 25 cents per package, or 1 cent per cigarette, with similar increases for cigars and cut tobacco. This measure will generate $22 million in revenue in 1986.

In total our revenue raising measures will provide an additional $50 million in revenue in the 1986 fiscal year.

We were pleased to see the federal government follow our lead and introduce a $500,000 lifetime capital gains exemption. This will result in a provincial tax saving of more than $20 million per year for Saskatchewan's farmers and small business people.

The federal program was designed to accomplish the same objectives as our own program. In addition, the continuation of our rebate program after the introduction of the capital gains exemption would result in some individuals receiving a rebate for provincial tax that they had not paid. Accordingly, I am announcing the termination of the provincial Capital Gains Tax Rebate program for the 1985 taxation year and thereafter.

These revenue initiatives, combined with the tax measures to stimulate investment and the growth of small business, form a package of tax changes which generates revenue from the banks and large corporations. At the same time, the tax burden on families and small business is reduced.

Total provincial revenues for 1986 will be $3,359 million. This includes the additional $28 million in revenues to be generated from the banks and our largest corporations.

Expenditures

Combined expenditures will increase to $3,748 million, an increase of $281 million or 8 per cent from estimated expenditures for 1985-86. When increased expenditures for health, agriculture and debt charges are excluded, government spending will increase by only 1.6 per cent.

Mr. Speaker, 29 of 39 government departments and agencies had either no increase or a decrease in their budgets between 1984 and 1985 and 17 of 39 will have either no increase or a decrease between 1985 and 1986. A clear sign that government expenditures are firmly under control.

One of the ways that expenditures will be controlled is through the creation of the Property Management Corporation. The Corporation, which is modelled after similar Crown corporations in British Columbia, Manitoba and Quebec, will acquire, finance, and manage government land and buildings. No longer will these functions be spread out among several government departments and agencies. Instead they will be centralized in one commercial Crown corporation to achieve maximum efficiencies.

Line department managers will then be able to concentrate their efforts on the programs they know best, leaving the property management function to the experts. For the first time in the history of Saskatchewan, government managers will be held accountable for the efficient use of space.

We anticipate that the savings resulting from the new corporation will be substantial.

The creation of this corporation is in keeping with our commitment to eliminate waste and duplication in government. A commitment which has resulted in savings of over $300 million to date and a reduction in the civil service of more than 1,000 positions since 1982.

Another important initiative to keep the 1986 deficit as low as possible is the further reduction of the civil service by more than 300 positions. This reduction will be used to offset the increase in nursing positions that the Minister of Health has recently announced. Mr. Speaker, I want to assure you that no one will lose their job as a result of this efficiency initiative! The reduction will be achieved through the careful management of vacancies.

In addition, we will maintain the close scrutiny of all expenditures by departments throughout the year. For example, managers will no longer be given automatic increases in pay. Salary increases for government managers will be based on merit. Deputy Ministers will

personally approve all expenditures greater than $500 and all out-of-province travel.

It was through measures such as these that our government was able to save more than $25 million during the last quarter of 1985 alone. This government will continue with the program of restraint throughout 1986 and thereafter.

These stringent expenditure controls and revenue stabilization through the effective use of capital assets will result in a deficit for 1986 of $389 million. A decrease of over $200 million from the revised estimates for 1985!

This government is confident that a balanced budget can be achieved within the next five years. The reduced deficit for 1986 is the first step toward this goal.

We will be examining additional ways to improve efficiency and accountability. One possibility that will be closely examined is a more formal capital budget approach.

Capital Financing Requirements

Total capital financing requirements in 1986 are estimated at $1,620 million. Net borrowing requirements, after providing for refinancing, will amount to $1,240 million. Of this amount, $900 million will be allocated to Saskatchewan's Crown corporations.

Major Crown corporation projects which are helping build a better Saskatchewan include the continuation of the rural gas distribution program, the rural electric underground program, and the beginning of rural individual telephone line service. These projects demonstrate our commitment to the future of Saskatchewan!

The Canada Pension Plan will provide $120 million in capital, with the remainder coming from various capital markets. Mr. Speaker, Main Street Saskatchewan will again be provided with attractive opportunities to invest in our Crown corporations.

Conclusion

Before this government assumed office in April 1982, the people of Saskatchewan were faced with problems of crisis proportions. They wanted a change. We took immediate, responsible action. We protected family homes from high mortgage interest rates. We removed the tax on gas and essential commodities. We allowed young farmers to purchase the land they work. We improved efficiency in government.

New businesses have been formed. New jobs are being created. Unemployment levels are low. The economy is growing.

This strong performance was achieved because we have a plan for economic development. A plan that builds upon those values and beliefs which have made Saskatchewan great. A plan that creates economic opportunities and jobs.

Our common sense approach to economic development, together with our firm commitment to protect families, the family farm and our social institutions, has guided this government's actions during the last four years. It also has formed the basis of our budget for 1986. A budget that provides additional opportunities for economic development and major improvements to our security net.

The major highlights of the budget include:

- the Saskatchewan Pension Plan;
- the exemption of all clothing under $300 from the sales tax;
- an 8 per cent interest program for small business;
- a two-year corporate tax holiday to new small businesses incorporating after budget night;
- expansions of the Venture Capital Program;
- a provincial income tax credit for construction or expansion of livestock facilities to stimulate livestock production;
- A Stock Savings Plan;

- an Agriculture and Commercial Equity Corporation;
- a First-Time New Home Buyers Program providing a $3,000 grant to families;
- the largest increase in agriculture and health expenditures in the history of the province;
- a major increase in spending in education;
- a new approach to funding day care centres in the province;
- a Property Management Corporation to improve the management of the Crown's land and buildings; and
- a reduction in the deficit and a commitment to a balanced budget in five years.

Mr. Speaker, this budget provides further stimulation for business to create new economic opportunities and jobs. It also provides additional protection for individuals, families and our social institutions. It is a budget which is part of an economic development plan for the province. A plan which is founded on the basic values of Saskatchewan people. A plan created by a government which is proud of our past and optimistic about our future.

1986-87 Budget Summary

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Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financing and Changes in Financial Position

For the Year Ending March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985
Budgetary Transactions			
Combined Revenue	**$ 3,358,742**	$ 3,175,434	$ 2,915,558
Combined Expenditure	**3,747,892**	3,466,692	3,295,354
Excess of Combined Revenue Over Expenditure	**$ (389,150)**	$ (291,258)	$ (379,796)
Loan, Investment and Deposit Transactions (Non-Budgetary)			
Combined Receipts	**$ 542,148**	$ 159,735	$ (69,925)
Combined Disbursements	**1,421,466**	723,034	441,616
Excess of Combined Receipts Over Disbursements	**$ (879,318)**	$ (563,299)	$ (511,541)
Net Cash (Requirement)	**$ (1,268,468)**	$ (854,557)	$ (891,337)
Financing			
Public Borrowing:			
Proceeds from Debt	**$ 1,616,910**	$ 969,308	$ 855,114
Repayment of Debt	**374,877**	118,290	12,570
Increase in Public Borrowing	**$ 1,242,033**	$ 851,018	$ 842,544
Decrease in Current Assets	**$ 26,435**	$ 3,539	$ 48,793
Total Combined Financing	**$ 1,268,468**	$ 854,557	$ 891,337

Note: To derive the Combined Budgetary Revenue and Expenditure, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund is eliminated to avoid double counting. Similarly, financial flows between Funds are eliminated to derive the Combined Non-Budgetary Receipts and Disbursements.

Province of Saskatchewan
Consolidated Fund
Statement of Financing and Changes in Financial Position

For the Year Ending March 31

($ Thousands)

	Estimated 1987	Estimated 1986	Actual 1985
Budgetary Transactions			
Revenue	$ 3,201,409	$ 3,048,650	$ 2,793,213
Expenditure	3,660,555	3,396,230	3,230,223
Excess of Revenue Over Expenditure	$ (459,146)	$ (347,580)	$ (437,010)
Loan, Investment and Deposit Transactions (Non-Budgetary)			
Receipts	$ 393,798	$ 204,357	$ (21,846)
Disbursements	1,285,816	715,434	437,329
Excess of Receipts Over Disbursements	$ (892,018)	$ (511,077)	$ (459,175)
Net Cash (Requirement)	$ (1,351,164)	$ (858,657)	$ (896,185)
Financing			
Public Borrowing:			
Proceeds from Debt	$ 1,616,910	$ 969,308	$ 855,114
Repayment of Debt	374,877	118,290	12,570
Increase in Public Borrowing	$ 1,242,033	$ 851,018	$ 842,544
Decrease in Current Assets	$ 109,131	$ 7,639	$ 53,641
Financing for Consolidated Fund	$ 1,351,164	$ 858,657	$ 896,185

Province of Saskatchewan
Saskatchewan Heritage Fund
Statement of Financing and Changes in Financial Position

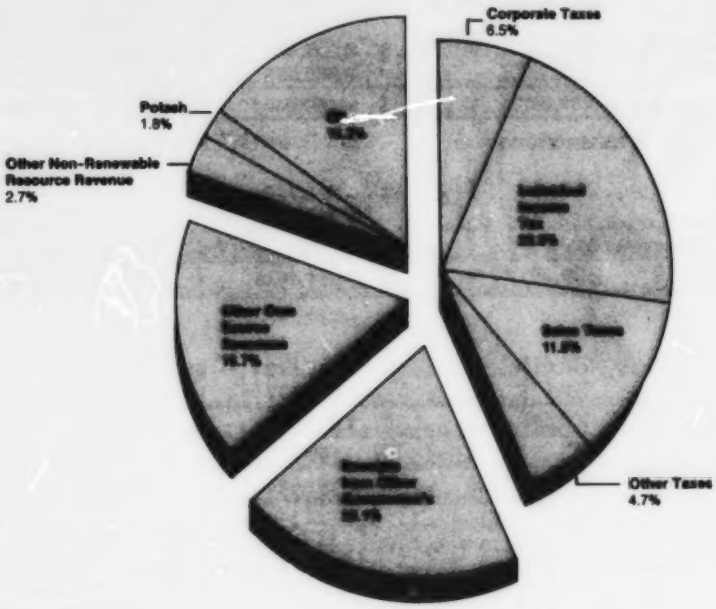
For the Year Ending March 31

($ Thousands)

	Estimated 1987	Estimated 1986	Actual 1985
Budgetary Transactions			
Revenue	$ 797,333	$ 876,784	$ 897,345
Expenditure	727,337	820,462	840,131
Excess of Revenue Over Expenditure	$ 69,996	$ 56,322	$ 57,214
Loan, Investment and Deposit Transactions (Non-Budgetary)			
Receipts	$ 167,681	$ 7,400	$ 13,485
Disbursements	135,650	7,600	4,287
Excess of Receipts Over Disbursements	$ 32,031	$ (200)	$ 9,198
Increase in Current Assets	$ 102,027	$ 56,122	$ 66,412

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Estimated Combined Budgetary Revenue

For the Year Ending March 31, 1987

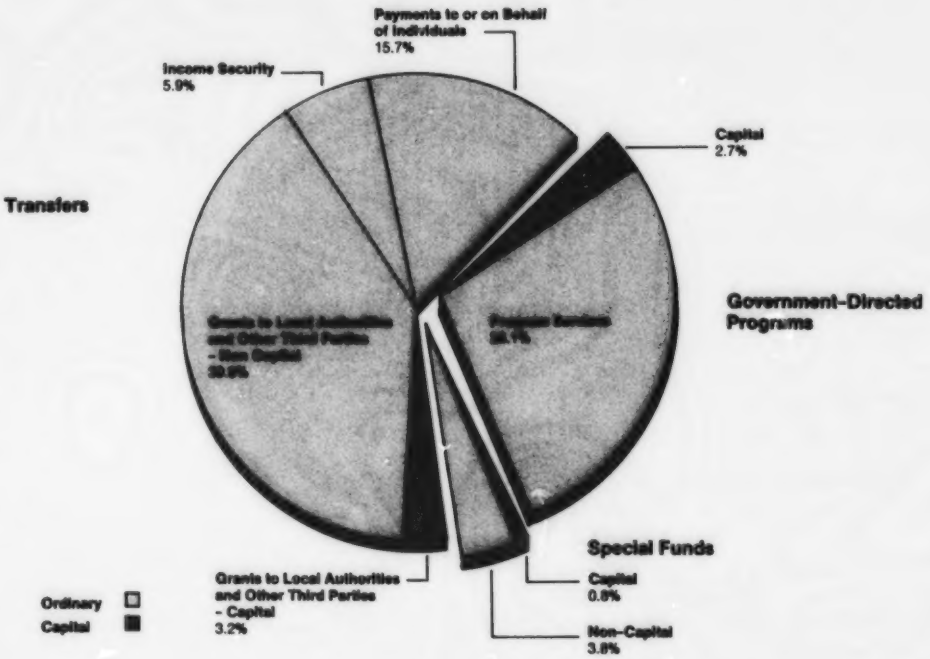


		Amount	Percentage of Total Revenue
		($ Thousands)	
Provincial Taxes			
Corporation	$	218,300	6.5%
Individual Income		698,800	20.8
Sales		386,000	11.5
Other Taxes		156,953	4.7
Total Provincial Taxes	$	1,460,053	43.5%
Non-Renewable Resource Revenues			
Oil	$	510,540	15.2%
Potash		60,490	1.8
Other Revenues		89,980	2.7
Total Non-Renewable Resource Revenues	$	661,010	19.7%
Other Own Source Revenues	$	563,794	16.7%
Receipts from Other Governments			
Established Programs Financing	$	466,023	13.9%
Federal-Provincial Programs		197,978	5.9
Other Receipts		9,884	0.3
Total Receipts from Other Governments	$	673,885	20.1%
Total Estimated Combined Budgetary Revenue*	$	3,358,742	100.0%

* To derive Total Estimated Combined Budgetary Revenue, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund must be eliminated to avoid double counting.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Estimated Combined Budgetary Expenditure

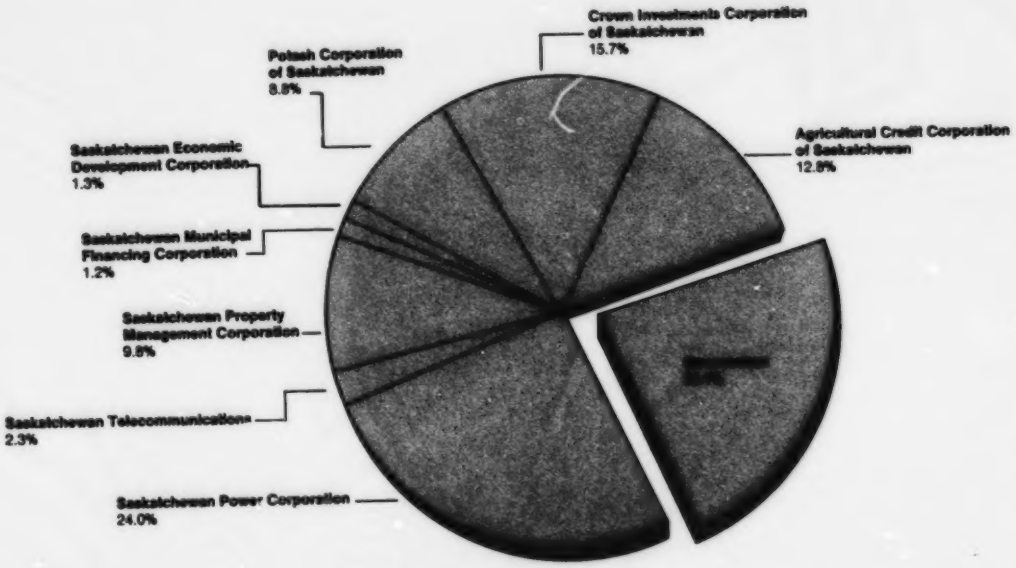
For the Year Ending March 31, 1987



		Amount	Percentage of Total Expenditure
		($ Thousands)	
Transfers			
Grants to Local Authorities and Other Third Parties:			
Capital	$	118,685	3.2%
Non-Capital		1,493,530	39.8
Income Security		220,277	5.9
Payments to or on Behalf of Individuals		587,764	15.7
Total Transfers	$	2,420,256	64.6%
Government-Directed Programs			
Capital	$	101,400	2.7%
Program Services		1,053,677	28.1
Total Government-Directed Programs	$	1,155,077	30.8%
Special Funds			
Capital	$	30,265	0.8%
Non-Capital		142,294	3.8
Total Special Funds	$	172,559	4.6%
Total Estimated Combined Budgetary Expenditure*	$	3,747,892	100.0%

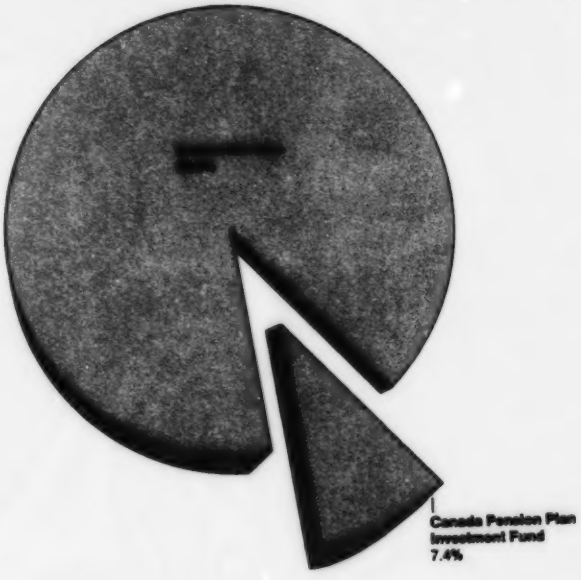
* To derive Total Estimated Combined Budgetary Expenditure, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund must be eliminated to avoid double counting.

Province of Saskatchewan
Estimated Application of Gross Borrowing Requirement
For the Year Ending March 31, 1987


Crown Investments Corporation of Saskatchewan 15.7%
Potash Corporation of Saskatchewan 8.8%
Saskatchewan Economic Development Corporation 1.3%
Agricultural Credit Corporation of Saskatchewan 12.8%
Saskatchewan Municipal Financing Corporation 1.2%
Saskatchewan Property Management Corporation 9.8%
Saskatchewan Telecommunications 2.3%
Saskatchewan Power Corporation 24.0%

	Amount	Percentage of Gross Borrowing Requirement
	($ Thousands)	
Crown Corporations		
Agricultural Credit Corporation of Saskatchewan	$ 206,000	12.8%
Crown Investments Corporation of Saskatchewan	254,000	15.7
Potash Corporation of Saskatchewan	143,000	8.8
Saskatchewan Economic Development Corporation	21,000	1.3
Saskatchewan Municipal Financing Corporation	20,000	1.2
Saskatchewan Power Corporation	388,000	24.0
Saskatchewan Property Management Corporation	158,760	9.8
Saskatchewan Telecommunications	37,000	2.3
Total Crown Corporations	$ 1,227,760	75.9%
Government	$ 389,150	24.1%
Total	$ 1,616,910	100.0%

Province of Saskatchewan
Estimated Sources of Gross Borrowing Requirement
For the Year Ending March 31, 1987



	Amount	Percentage of Gross Borrowing Requirement
	($ Thousands)	
Canada Pension Plan Investment Fund	$ 120,000	7.4%
Capital Markets	1,496,910	92.6
Total	$ 1,616,910	100.0%

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Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financial Position

As at March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985
Assets			
Consolidated Fund			
Current Assets	$ 128,543	$ 237,674	$ 245,313
Advance to the Agricultural Division of the Saskatchewan Heritage Fund	---	184,436	184,436
Loans and Advances to Crown Corporations:			
Saskatchewan Agriculture and Commercial Equity Corporation	184,436	---	---
Agricultural Credit Corporation of Saskatchewan	389,843	183,843	169,843
Crown Investments Corporation of Saskatchewan	599,863	533,863	564,263
Potash Corporation of Saskatchewan	614,938	471,938	321,938
Saskatchewan Economic Development Corporation	95,647	74,647	48,147
Saskatchewan Housing Corporation	336,454	336,454	317,304
Saskatchewan Mining Development Corporation	501,382	501,382	501,382
Saskatchewan Municipal Financing Corporation	94,723	74,723	54,723
Saskatchewan Power Corporation	2,754,544	2,491,370	2,097,206
Saskatchewan Property Management Corporation	158,760	---	---
Saskatchewan Telecommunications	780,849	757,132	764,925
Saskatchewan Water Corporation	14,876	14,876	14,876
Saskatchewan Oil and Gas Corporation	---	---	25,000
Other Assets	144,963	125,868	124,047
Less: Crown Corporation Equity in Sinking Funds	(384,792)	(366,268)	(324,243)
Total Consolidated Fund Assets	$ 6,415,029	$ 5,621,938	$ 5,109,160
Saskatchewan Heritage Fund			
Current Assets	$ 380,571	$ 442,980	$ 386,858
Investments in Crown Corporations:			
Crown Investments Corporation of Saskatchewan	201,476	201,476	109,976
Potash Corporation of Saskatchewan	418,554	418,554	418,554
Saskatchewan Mining Development Corporation	218,700	218,700	218,700
Saskatchewan Oil and Gas Corporation	---	---	91,500
Saskatchewan Agriculture and Commercial Equity Corporation	100,000	---	---
Investment in Agricultural Land and Related Assets	---	162,081	163,881
Loans to Crown Corporations:			
Potash Corporation of Saskatchewan	18,400	23,400	28,400
Saskatchewan Grain Car Corporation	46,350	46,350	46,350
Saskatchewan Power Corporation	2,448	2,448	2,448
Other Loans and Investments	52,807	17,557	10,557
Total Saskatchewan Heritage Fund Assets	$ 1,419,106	$ 1,533,546	$ 1,477,224
Eliminate Inter-Fund Assets:			
Advance to the Agricultural Division	$ ---	$ (184,436)	$ (184,436)
Current Assets of the Saskatchewan Heritage Fund held on Deposit in the Consolidated Fund	(370,575)	(351,244)	(299,222)
Eliminate: Total Inter-Fund Assets*	$ (370,575)	$ (535,680)	$ (483,658)
Total Combined Assets	$ 7,463,560	$ 6,619,804	$ 6,102,726

* Certain assets reported are the result of inter-fund financial transactions. To avoid double counting, these amounts must be eliminated to derive Total Combined Assets.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financial Position (continued)

As at March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985
Liabilities			
Consolidated Fund			
Promissory Notes	**$ 638,258**	$ 638,258	$ 612,000
Treasury Bills	**520,000**	522,400	459,540
Debentures	**7,363,046**	6,118,613	5,356,713
Gross Debt	**$ 8,521,304**	$ 7,279,271	$ 6,428,253*
Less: Total Equity in Sinking Fund	**409,913**	398,600	353,205
Net Public Debt	**$ 8,111,391**	$ 6,880,671	$ 6,075,048
Due to Other Crown Entities	**457,394**	438,063	386,041
Other Liabilities	**6,167**	6,167	6,167
Total Consolidated Fund Liabilities	**$ 8,574,952**	$ 7,324,901	$ 6,467,256
Saskatchewan Heritage Fund	**$ ---**	$ 184,436	$ 184,436
Eliminate: Inter-Fund Liabilities**	**$ (370,575)**	$ (535,680)	$ (483,658)
Total Combined Liabilities	**$ 8,204,377**	$ 6,973,657	$ 6,168,034
Province's Equity			
Consolidated Fund	**$ (2,159,923)**	$ (1,702,963)	$ (1,358,096)
Saskatchewan Heritage Fund	**1,419,106**	1,349,110	1,292,788
Total Combined Province's Equity	**$ (740,817)**	$ (353,853)	$ (65,308)
Total Combined Liabilities and Province's Equity	**$ 7,463,560**	$ 6,619,804	$ 6,102,726
Guaranteed Debt	**$ 560,049**	$ 496,749	$ 465,354

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.
** Certain liabilities reported are the result of inter-fund financial transactions. To avoid double counting, these amounts must be eliminated to derive the Total Combined Liabilities.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Province's Equity

For the Year Ending March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985
Total Combined Budgetary Revenue	**$ 3,358,742**	$ 3,175,434	$ 2,915,558
Total Combined Budgetary Expenditure	**3,747,892**	3,466,692	3,295,354
Excess of Total Combined Budgetary Revenue Over Total Combined Budgetary Expenditure	**$ (389,150)**	$ (291,258)	$ (379,796)
Equity, Beginning of Year	**(353,853)**	(65,308)	345,656
Equity Adjustments	**2,186**	2,713	(31,168)
Combined Province's Equity, End of Year	**$ (740,817)**	$ (353,853)	$ (65,308)

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Budgetary Revenue

For the Year Ending March 31

($ Thousands)

	Estimated 1987	Estimated 1986	Actual 1985
Consolidated Fund			
Provincial Taxes			
Corporation Capital	$ 55,900	$ 33,300	$ 27,885
Corporation Income	162,400	145,228	121,454
Fuel	36,500	36,200	32,108
Individual Income	696,800	625,854	554,260
Sales	386,000	382,900	345,014
Tobacco	92,300	69,985	59,967
Other Taxes	28,153	28,095	27,267
Receipts from Government Enterprises and Other Funds			
Saskatchewan Heritage Fund	640,000	750,000	775,000
Saskatchewan Liquor Board	240,000	149,000	71,000
Other Receipts	9,943	41,818	29,448
Other Own Source Revenues			
Fines, Forfeits and Penalties	9,159	8,718	7,557
Interest, Premium, Discount and Exchange	14,064	11,199	10,160
Privileges, Licences and Permits			
- Lands, Forests, Game, Fur, Fisheries and Water	13,740	12,676	10,032
- Motor Vehicles	64,400	63,600	57,346
- Other Privileges, Licences and Permits	10,445	8,388	8,015
Sales, Services and Service Fees	43,622	42,015	38,359
Other Revenues	21,898	17,128	20,313
Receipts from Other Governments			
Canada Assistance Plan	156,519	147,777	143,667
Economic Development Agreements*	1,365	2,271	3,010
Equalization Payments	(22,913)	(22,913)	(22,913)
Established Programs Financing	466,023	441,455	420,181
Statutory Subsidy	2,200	2,180	2,178
Other Federal-Provincial Programs	60,807	44,321	44,173
Other Receipts	9,884	7,455	7,732
Total Consolidated Fund Revenue	$ 3,201,409	$ 3,048,650	$ 2,793,213
Saskatchewan Heritage Fund			
Non-Renewable Resource Revenues			
Coal	$ 16,500	$ 14,980	$ 17,438
Natural Gas	38,240	15,480	9,652
Oil	510,540	654,864	740,357
Potash	60,490	81,450	71,177
Uranium	33,340	32,720	25,169
Other Revenues	1,900	2,020	1,828
Agricultural Lands Revenue	124,419	22,020	18,617
Investment Revenue	11,904	53,250	12,955
Other Revenues	---	---	152
Total Saskatchewan Heritage Fund Revenue	$ 797,333	$ 876,784	$ 897,345
Eliminate Saskatchewan Heritage Fund Dividend to Consolidated Fund**	$ (640,000)	$ (750,000)	$ (775,000)
Total Combined Budgetary Revenue	$ 3,358,742	$ 3,175,434	$ 2,915,558

* This item includes receipts from the Agricultural and Rural Development Act, the Department of Regional Economic Expansion, and the Economic and Regional Development Agreement.

** The Saskatchewan Heritage Fund pays an annual Dividend to the Consolidated Fund. To avoid double counting, this Dividend must be eliminated to arrive at Total Combined Budgetary Revenue.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Budgetary Expenditure

For the Year Ending March 31

($ Thousands)

	Estimated 1987	Estimated 1986	Actual 1985
Consolidated Fund			
Agriculture	$ 158,130	$ 86,422	$ 109,157
Education and Manpower	693,063	673,923	635,987
Health	1,136,685	1,085,772	1,011,858
Highways	213,647	206,562	208,524
Justice	106,037	103,508	107,955
Parks and Renewable Resources	55,299	60,117	70,166
Social Services	342,123	334,573	328,444
Supply and Services	112,378	96,160	91,655
Urban Affairs and Rural Development	178,922	138,227	234,509
Other	463,320	467,814	329,498
Servicing the Public Debt - Government Share	200,953	143,152	102,470
Total Consolidated Fund Expenditure	$ 3,660,555	$ 3,396,230	$ 3,230,223
Saskatchewan Heritage Fund			
Dividend to Consolidated Fund	$ 640,000	$ 750,000	$ 775,000
Grants for Petroleum and Natural Gas Exploration, Conservation and Development	---	19,263	21,960
Canada-Saskatchewan Agreements:			
Heavy Oil Grants	1,000	1,000	463
Heavy Oil/Fossil Fuel Projects	4,021	4,121	2,987
Energy Agreement Projects	---	---	113
Advanced Technology Grants	1,190	1,190	---
Payments of Interest Rebates under the Farm Purchase Program	25,000	22,280	13,284
Payment to cover the Deficiency of Land Bank Lease Fees in meeting the Interest Costs Owing on Transferred Land Bank Land	6,731	6,202	8,183
Refunds pursuant to The Farmers' Oil Royalty Refund Act	42,000	---	---
Payments for Research and Development	2,810	3,310	1,469
Other	4,585	4,202	3,352
Provincial Development Expenditures	---	8,894	13,320
Total Saskatchewan Heritage Fund Expenditure	$ 727,337	$ 820,462	$ 840,131
Eliminate Saskatchewan Heritage Fund Dividend to Consolidated Fund*	$ (640,000)	$ (750,000)	$ (775,000)
Total Combined Budgetary Expenditure	$ 3,747,892	$ 3,466,692	$ 3,295,354
Nature of Expenditure			
Ordinary	$ 3,497,542	$ 3,117,115	$ 3,042,923
Capital	250,350	349,577	252,431
Total Combined Budgetary Expenditure	$ 3,747,892	$ 3,466,692	$ 3,295,354

* The Saskatchewan Heritage Fund pays an annual Dividend to the Consolidated Fund. To avoid double counting, this Dividend must be eliminated to derive the Total Combined Budgetary Expenditure.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Loan, Investment and Deposit Transactions (Non-Budgetary)

For the Year Ending March 31

($ Thousands)

	Estimated 1987	Estimated 1986	Actual 1985
Receipts			
Consolidated Fund			
Repayment of Loans, Advances and Investments in Crown Corporations:			
Crown Investments Corporation of Saskatchewan	$ 188,000	$ 51,500	$ ---
Saskatchewan Economic Development Corporation	---	23,500	---
Saskatchewan Oil and Gas Corporation	---	25,000	---
Saskatchewan Power Corporation	124,826	9,636	11,604
Saskatchewan Telecommunications	13,283	7,793	---
Total Repayment of Loans, Advances and Investments in Crown Corporations	$ 326,109	$ 117,429	$ 11,604
Repayment of Other Loans and Advances (Net)	(19,095)	(1,821)	(101,073)
Receipts from Other Crown Entities (Net)	19,331	52,022	30,899
Proceeds from Sinking Funds	47,698	13,250	15,546
Crown Corporation Contributions to Sinking Fund	19,755	23,477	21,178
Total Consolidated Fund Receipts	$ 393,798	$ 204,357	$ (21,846)
Saskatchewan Heritage Fund			
Repayment of Loans to Crown Corporations:			
Potash Corporation of Saskatchewan	$ 5,000	$ 5,000	$ 5,000
Saskatchewan Grain Car Corporation	---	---	4,984
Total Repayment of Loans to Crown Corporations	$ 5,000	$ 5,000	$ 9,984
Proceeds from Sale of Agricultural Land	162,681	2,400	3,501
Total Saskatchewan Heritage Fund Receipts	$ 167,681	$ 7,400	$ 13,485
Eliminate Increase in Amount Due from Consolidated Fund to the Saskatchewan Heritage Fund*	$ (19,331)	$ (52,022)	$ (61,564)
Total Combined Non-Budgetary Receipts	$ 542,148	$ 159,735	$ (69,925)

* A portion of the current assets of the Saskatchewan Heritage Fund is held on deposit in the Consolidated Fund. To avoid double counting, the increase in the amount held on deposit with the Consolidated Fund must be eliminated to derive the Excess of Combined Non-Budgetary Receipts Over Disbursements.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Loan, Investment and Deposit Transactions (continued)
(Non-Budgetary)

For the Year Ending March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985
Disbursements			
Consolidated Fund			
Loans, Advances and Investments in Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	**$ 206,000**	$ 14,000	$ ---
Crown Investments Corporation of Saskatchewan	**254,000**	21,100	158,000
Potash Corporation of Saskatchewan	**143,000**	150,000	---
Saskatchewan Economic Development Corporation	**21,000**	50,000	---
Saskatchewan Housing Corporation	**---**	19,150	9,391
Saskatchewan Mining Development Corporation	**---**	---	82,950
Saskatchewan Municipal Financing Corporation	**20,000**	20,000	54,723
Saskatchewan Power Corporation	**388,000**	403,800	80,386
Saskatchewan Property Management Corporation	**158,760**	---	---
Saskatchewan Telecommunications	**37,000**	---	14,497
Total Loans, Advances and Investments in Crown Corporations	**$ 1,227,760**	$ 678,050	$ 399,947
Sinking Funds Paid to Crown Corporations	**37,785**	13,250	15,546
Sinking Fund Payments	**20,291**	24,134	21,836
Total Consolidated Fund Disbursements	**$ 1,285,816**	$ 715,434	$ 437,329
Saskatchewan Heritage Fund			
Loans, Advances and Investments	**$ 135,650**	$ 7,600	$ 4,287
Total Saskatchewan Heritage Fund Disbursements	**$ 135,650**	$ 7,600	$ 4,287
Total Combined Non-Budgetary Disbursements	**$ 1,421,466**	$ 723,034	$ 441,616
Excess of Combined Non-Budgetary Receipts Over Disbursements	**$ (879,318)**	$ (563,299)	$ (511,541)

Province of Saskatchewan
Statement of Total Debt

As at March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985*
Promissory Notes (for the purpose of)			
Crown Corporations**	**$ 329,378**	$ 329,378	$ 329,378
Government of Saskatchewan	**308,880**	308,880	282,622
Total Promissory Notes	**$ 638,258**	$ 638,258	$ 612,000
Treasury Bills (for the purpose of)			
Crown Corporations**	**$ ---**	$ 2,400	$ 4,540
Government of Saskatchewan	**520,000**	520,000	455,000
Total Treasury Bills	**$ 520,000**	$ 522,400	$ 459,540
Debentures (for the purpose of)			
Crown Corporations**	**$ 6,183,878**	$ 5,279,827	$ 4,717,067
Government of Saskatchewan	**984,732**	643,816	443,848
Other - Federal/Municipal***	**7,744**	8,278	9,106
- University of Saskatchewan	**2,256**	2,256	2,256
- Investment in Agricultural Land****	**184,436**	184,436	184,436
Total Debentures	**$ 7,363,046**	$ 6,118,613	$ 5,356,713
Gross Debt	**$ 8,521,304**	$ 7,279,271	$ 6,428,253
Less: **Equity in Sinking Funds** (for the purpose of)			
Crown Corporations	**$ 384,004**	$ 365,589	$ 323,654
Government of Saskatchewan	**25,121**	32,332	28,962
Other - University of Saskatchewan	**788**	679	589
Total Equity in Sinking Funds	**$ 409,913**	$ 398,600	$ 353,205
Net Debt	**$ 8,111,391**	$ 6,880,671	$ 6,075,048
Guaranteed Debt*****	**590,049**	496,749	465,354
Total Debt	**$ 8,701,440**	$ 7,377,420	$ 6,540,402

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

** These enterprises are responsible for the repayment of principal and interest.

*** These obligations represent monies loaned to the Province by the Federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

**** The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

***** Applies to government portion only.

Province of Saskatchewan
Gross Debt by Allocation

As at March 31

	($ Thousands)		
	Estimated 1987	Estimated 1986	Actual 1985*
Reimbursable Debt			
Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan ...	**$ 397,721**	$ 191,721	$ 177,721
Crown Investments Corporation of Saskatchewan ...	**659,363**	593,363	623,763
Potash Corporation of Saskatchewan	**664,938**	521,938	371,938
Saskatchewan Economic Development Corporation ...	**95,647**	74,647	48,147
Saskatchewan Housing Corporation	**336,454**	336,454	317,304
Saskatchewan Mining Development Corporation	**501,382**	501,382	501,382
Saskatchewan Municipal Financing Corporation	**94,723**	74,723	54,723
Saskatchewan Oil and Gas Corporation	**---**	---	25,000
Saskatchewan Power Corporation	**2,808,543**	2,545,369	2,151,206
Saskatchewan Property Management Corporation	**158,760**	---	---
Saskatchewan Telecommunications	**780,849**	757,132	764,925
Saskatchewan Water Corporation	**14,876**	14,876	14,876
Total Crown Corporations	**$ 6,513,256**	$ 5,611,605	$ 5,050,985
Other:			
Federal/Municipal	**$ 7,744**	$ 8,278	$ 9,106
University of Saskatchewan	**2,256**	2,256	2,256
Investment in Agricultural Land**	**184,436**	184,436	184,436
Total Other	**$ 194,436**	$ 194,970	$ 195,798
Total Reimbursable Debt	**$ 6,707,692**	$ 5,806,575	$ 5,246,783
Non-Reimbursable Debt			
Government of Saskatchewan	**$ 1,813,612**	$ 1,472,696	$ 1,181,470
Gross Debt	**$ 8,521,304**	$ 7,279,271	$ 6,428,253

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

** The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

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Province of Saskatchewan
Summary of Economic Indicators

	1981	1982	1983	1984	1985*
Gross Domestic Product - Current Market Prices					
- Millions of Dollars	14,787	14,975	16,017	16,817	17,773
Annual Rate of Change - Percent	14.1	1.3	7.0	5.0	5.7
Per Capita - Dollars	15,271	15,295	16,120	16,670	17,433
Gross Domestic Product - Constant 1971 Prices					
- Millions of Dollars	5,303	5,174	5,269	5,311	5,541
Annual Rate of Change - Percent	5.5	-2.4	1.8	0.8	4.3
Per Capita - 1971 Dollars	5,476	5,284	5,303	5,265	5,435
Agricultural GDP	1,249	1,276	1,190	1,010	1,145
Annual Rate of Change - Percent	16.5	2.2	-6.7	-15.1	13.4
Non-Agricultural GDP	4,054	3,898	4,079	4,301	4,396
Annual Rate of Change - Percent	2.5	-3.8	4.6	5.4	2.2
Personal Income					
- Millions of Dollars	11,448	12,129	12,439	13,071	14,466
Per Capita - Dollars	11,823	12,388	12,519	12,957	14,189
Farm Cash Receipts					
- Millions of Dollars	4,008	4,009	3,963	4,358	4,210
Value of Manufacturing Shipments					
- Millions of Dollars	2,498	2,328	2,417	2,670	2,665
Value of Retail Sales					
- Millions of Dollars	3,876	4,042	4,357	4,354	4,688
Value of Mineral Sales					
- Millions of Dollars	2,241	2,278	2,690	3,664	3,783
Private and Public Investment					
- Millions of Dollars	5,151	4,670	4,973	4,986	5,246
Housing Starts					
- Units	5,972	6,822	7,269	5,221	5,354
Consumer Price Index - Annual Percentage Change					
Regina	11.7	9.0	6.4	4.4	3.7
Saskatoon	11.7	9.0	6.3	3.5	3.5
Canada	12.5	10.8	5.8	4.4	4.0
Population and Labour Force - Thousands					
Population**	968	979	994	1,009	1,020
Labour Force***	446	455	470	477	491
Employed Labour Force***	425	426	436	439	452
Unemployed Labour Force***	21	28	35	38	40
Unemployment Rate - Percent* **					
Saskatchewan	4.7	6.2	7.4	8.0	8.1
Canada	7.5	11.0	11.9	11.3	10.5

* Preliminary.
** As of June 1.
*** Annual averages.
Sources: Saskatchewan Bureau of Statistics.
Saskatchewan Energy and Mines.
Statistics Canada.

Personal Income, Saskatchewan

(Millions of Dollars)

	1981	1982	1983	1984	1985*
Wages, Salaries and Supplementary Labour Income **	5,972	6,536	6,946	7,367	7,677
Net Income Received by Farm Operators from Farm Production	1,606	1,069	673	407	984
Net Income of Non-Farm Unincorporated Business	451	539	655	720	798
Interest, Dividends and Miscellaneous Investment Income	1,807	2,063	1,917	2,175	2,386
Current Transfers from Government, Corporations and Non-Residents	1,611	1,923	2,248	2,401	2,621
Total	11,448	12,129	12,439	13,071	14,466

* Preliminary.
** Includes military pay and allowances.

Note: Calculated on the basis of Gross Domestic Product. Components may not add to totals due to rounding.
Source: Saskatchewan Bureau of Statistics.

Farm Income, Saskatchewan

(Millions of Dollars)

	1981	1982	1983	1984	1985*
Wheat**	2,616	2,461	2,548	2,425	1,690
Barley**	268	245	277	206	194
Canola and Rapeseed	233	250	273	395	395
Other Crops	124	114	137	170	153
Total Crops	3,241	3,070	3,235	3,196	2,433
Cattle, including Calves	457	524	468	528	478
Hogs	79	90	78	98	95
Other Livestock and Livestock Products***	117	125	130	143	143
Total Livestock and Livestock Products	653	739	676	768	716
Advances, Deferments and Supplementary Payments****	114	200	53	393	1,061
Total Farm Cash Receipts	4,008	4,009	3,963	4,358	4,210
Income in Kind	42	43	39	41	41
Operating and Depreciation Expenses	(2,908)	(3,072)	(3,241)	(3,316)	(3,400)
Realized Net Farm Income	1,142	980	762	1,082	851
Inventory Change and Adjustments*****	464	89	(88)	(676)	133
Net Income Received by Farm Operators	1,606	1,069	673	407	984

* Preliminary.
** Includes Canadian Wheat Board payments.
*** Includes sheep, lambs, dairy products, poultry, eggs and other livestock products.
**** Includes stabilization and insurance payments, net advances and deferments.
***** Includes inventory changes and adjustments to Gross Domestic Product basis.

Note: Components may not add to totals due to rounding.
Sources: Statistics Canada, Saskatchewan Bureau of Statistics.

Value of Manufacturing Shipments, Saskatchewan

(Millions of Dollars)

	1981	1982	1983	1984	1985*
Food	786	808	845	994	987
Printing and Publishing	103	111	114	134	146
Metal Fabrication	106	70	51	54	56
Machinery	188	141	136	139	129
Non-Metallic Mineral Production	135	113	136	133	125
Chemicals	54	55	57	55	57
Other	1,126	1,031	1,076	1,160	1,165
Total	2,498	2,328	2,417	2,670	2,665

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, Inventories, Shipments and Orders in Manufacturing Industries.

Private and Public Investment, Saskatchewan

(Millions of Dollars)

	1981	1982	1983	1984	1985*
Agriculture	1,330	1,065	1,082	1,089	1,044
Mining	761	870	944	1,017	1,206
Manufacturing	183	144	160	157	174
Utilities	1,156	1,028	992	886	987
Trade, Finance and Commercial Services	525	381	428	519	463
Housing	493	483	651	550	575
Institutional Services and Government Departments	593	594	605	661	681
Other	110	105	110	106	117
Total	5,151	4,670	4,973	4,986	5,246

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, Private and Public Investment in Canada.

Value of Mineral Sales, Saskatchewan

(Millions of Dollars)

	1981	1982	1983	1984	1985*
Crude Oil	821	1,189	1,651	2,177	2,370
Potash	995	643	686	829	640
Uranium	258	251	121	354	459
Coal	42	62	73	98	86
Sodium Sulphate	36	44	39	34	30
Natural Gas	20	24	50	89	107
Other	68	65	70	83	91
Total	2,241	2,278	2,690	3,664	3,783

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Saskatchewan Energy and Mines.

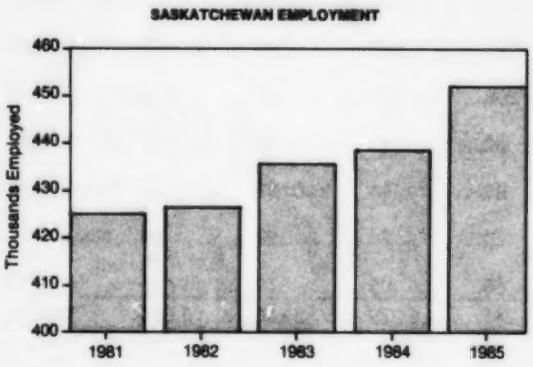
Crude Oil Statistics, Saskatchewan

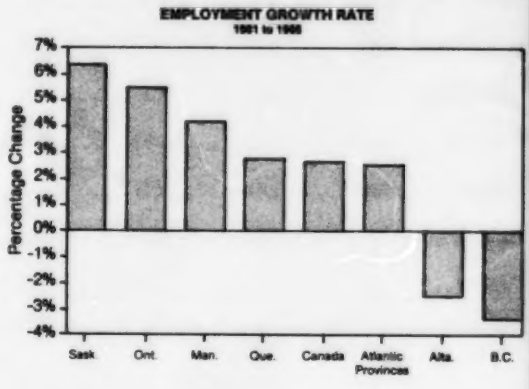
	1981	1982	1983	1984	1985*
Value of Land Sales - Millions of Dollars	37	34	108	124	149
Oil Field Expenditures - Millions of Dollars	249	244	443	746	1,027
Wells Drilled - Number**	807	808	1,843	2,970	3,848
Crude Oil Production - Millions of Cubic Metres					
Light Gravity	1.9	2.3	3.0	3.4	3.9
Medium Gravity	2.9	3.1	3.3	3.8	3.7
Heavy Gravity	2.6	2.7	3.2	3.6	3.7
Total	7.4	8.1	9.5	10.8	11.4

* Preliminary.
** Includes all drilling.

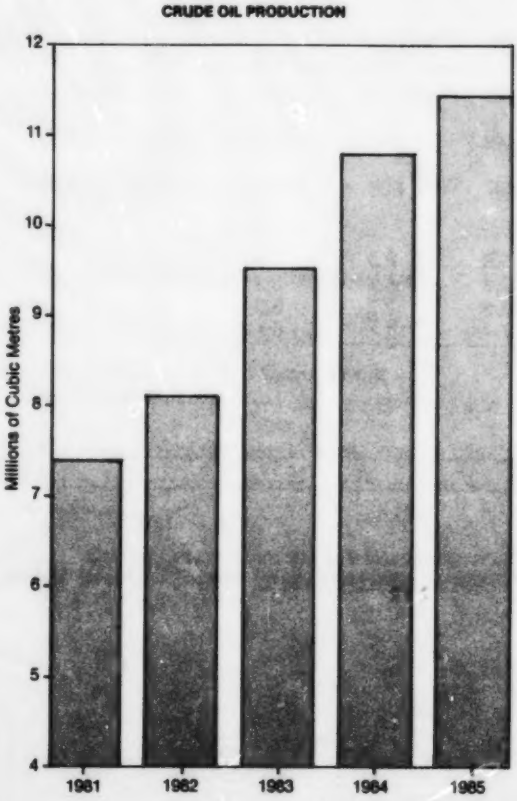
Note: Components may not add to totals due to rounding.
Source: Saskatchewan Energy and Mines.

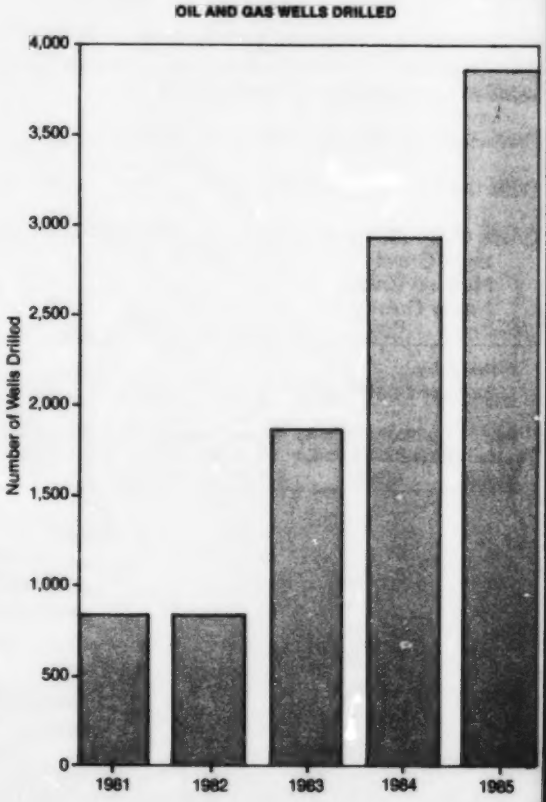
Employment Statistics – Saskatchewan and Canada





Energy Statistics – Saskatchewan





Budget Papers

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1986 Saskatchewan Tax Initiatives

The purpose of this paper is to provide a description of the tax changes proposed in the 1986 Saskatchewan Budget. If further information is required, readers are advised to contact the department identified.

Saskatchewan Tax Incentives Program

The Government of Saskatchewan is expanding the Tax Incentives Program. This program, first introduced in 1984, is designed to encourage investment in a wide variety of businesses. The following additions and changes are made to the Incentives Program.

- **Venture Capital Tax Credit**

  The Venture Capital Tax Credit Program, introduced in 1984, has been very effective in increasing activity in the Province's small business sector. This program provides tax credits to investors equal to 30 per cent of their investments in Venture Capital Corporations.

  Venture Capital Corporations must make equity investments in eligible small businesses. The list of eligible businesses will be expanded.

  Investments in retail and service industries in communities having a population of up to 20,000 will now be eligible. As a result, a VCC may also now invest in a retail or service business in:

  - Estevan
  - Humboldt
  - Kindersley
  - Lloydminster
  - Melfort
  - Melville
  - Nipawin
  - North Battleford
  - Swift Current
  - Weyburn
  - Yorkton

  Investments in agriculture facilities and equipment will be more actively encouraged. This change will attract equity capital to agriculture-related activity and is intended to encourage financing for intensive livestock operations.

  If a business has qualified for a Livestock Facilities Tax Credit (see below) or leases equipment from a business that has qualified for the Livestock Facilities Tax Credit, it will not be an eligible investment for a Venture Capital Corporation.

  Up to $17 million is available for credits in 1986, an increase of $8 million over the amount of credits issued during the first two years of the program. A total of $6 million is earmarked for agriculture-related investments and $3 million is reserved for tourism activities.

  The program is administered by Saskatchewan Tourism and Small Business which is responsible for the determination of an eligible investment and all of the administrative functions relating to the investor and the Venture Capital Corporation.

  For further information, contact:

  Saskatchewan Tourism and Small Business
  5th Floor, Bank of Montreal Building
  2103 11th Avenue
  Regina, Saskatchewan
  S4P 3V7

  Telephone: 787-3524

- **Stock Savings Plan**

  The Stock Savings Plan is designed to encourage Saskatchewan residents to make equity investments in public companies conducting a substantial portion of their business in Saskatchewan.

  Eligible investments will be newly issued treasury shares of qualifying Canadian-controlled corporations. To qualify, corporations must trade their shares on a Canadian stock exchange and pay at least 25 per cent of their total wages to employees resident in Saskatchewan.

  The Stock Savings Plan will not apply to shares that are eligible for the federal share purchase tax credit, the scientific research tax credit, flow through share treatment or other federal tax credits. Preferred shares are ineligible unless they can be converted

to common shares. Shares that can be redeemed by the issuing corporation are ineligible.

Investors will receive a tax credit equal to 30 per cent of their investment in eligible shares. There will be a maximum $3,000 annual limit on tax credits earned by an investor. The tax credit will reduce provincial income taxes otherwise payable. If, in a particular year, the investor's Saskatchewan tax liability is less than the earned credit, the unapplied amount may be carried forward for a period of up to seven years.

The Stock Savings Plan initiated by an investor will be administered by a Saskatchewan investment dealer. Investment dealers will inform the Government when qualifying investments are made and then ensure that this level of investment is maintained for at least the year of investment and two subsequent years. Investors may sell their investments as long as they maintain their level of qualifying investment through offsetting share acquisitions.

Investors failing to maintain the required level of qualifying investment will be required to repay all or part of the tax credit previously earned.

For purposes of taxation, the value of the tax credit will not have to be included in the income of the investor; however, it may increase a capital gain resulting from the disposition of the investment.

The enabling legislation will expire three years after the date on which it becomes law.

Saskatchewan Revenue and Financial Services is responsible for handling all administrative functions relating to the Stock Savings Plan. The Department will issue eligibility certificates to companies for proposed treasury issues and will provide tax credits on the advice of investment dealers.

For further information, contact:

Saskatchewan Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6720

- **Livestock Investment Tax Credit**

The Livestock Investment Tax Credit was introduced in 1984 to stimulate the finishing of livestock in Saskatchewan. It provides tax credits to both farm and non-farm investors who invest in cattle, hogs or lambs and market them for slaughter.

The program will be extended to December 31, 1989 and eligible claimants will continue to earn a per head tax credit on eligible livestock equal to:

- for cattle, $25 per steer or heifer;
- for hogs, $3 per hog; and
- for lambs, $2 per lamb.

Each claimant will continue to be subject to a deductible of $100 per year. Tax credits earned may be applied against provincial income taxes payable. If, in a particular year, the taxpayer's tax liability is less than the earned credit, the unapplied amount may be carried forward for a period of up to seven years.

- **Livestock Facilities Tax Credit**

The Livestock Facilities Tax Credit is intended to stimulate the growth required in the livestock industry to meet anticipated future levels of demand for livestock.

A 15 per cent tax credit will be available to individuals and corporations resident in Saskatchewan that have acquired eligible facilities on or after January 1, 1986.

Eligible investments include all additions and expansions which result in an increase

in the capital cost of facilities principally used in the business of raising livestock. Routine maintenance to these facilities will not qualify for the credit.

An expenditure that results in an addition to a capital cost allowance category (for income tax purposes) for any of the following assets used in the raising of livestock will qualify as an eligible investment:

- bee equipment
- brooders
- buildings
- casing, cribwork for water wells
- milk coolers
- cream separators*
- dugouts, dikes and lagoons
- electric light plants and batteries
- electric motors*
- stationary engines*
- fences*
- grain storage buildings*
- feed grinders*
- milking machines
- feed mixers*
- permanent piping*
- pumps*
- silo fillers*
- stable cleaners*
- well equipment

The tax credit will be applied on the capital cost of the new facility or expansion, less any federal investment tax credits earned on the same expenditure.

For assets eligible for the federal investment tax credit, the provincial credit will be based on a proportion of the capital cost until the federal measure has been phased-out. The eligible proportion will be:

- In 1986, 93% of the capital cost
- In 1987, 95% of the capital cost
- In 1988, 98% of the capital cost
- In 1989 and subsequent years, 100% of the capital cost.

For all other assets, the provincial credit will be based on 100% of the capital cost, starting in 1986.

Credits that are applied against provincial income taxes otherwise payable will reduce the capital cost of the asset for income tax purposes. Consequently, the amount of the capital cost allowance deduction will be reduced.

Credits that are earned and not applied against provincial income taxes otherwise payable may be carried forward for a period of up to seven years.

Saskatchewan Agriculture is responsible for all administrative aspects of the Livestock Investment and Livestock Facilities Tax Credits.

For further information, contact:

Saskatchewan Agriculture
Walter Scott Building
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

Telephone: 787-5957
or 787-5965

- **Labour-sponsored Venture Capital Tax Credit**

The Government will provide the necessary legislation to facilitate Labour-sponsored Venture Capital Corporations after consultations with organized labour and the federal government.

The principal objective of these corporations, which will be managed and directed by organized labour, is to create, maintain and protect jobs. Employees, labour organizations and the federal and provincial governments will be eligible investors.

* Expenditures for these assets are only eligible if they become an integral part of the livestock facility.

Each corporation will be required to invest at least 60 per cent of its funds in active small and medium-sized businesses in such a manner that such funds are not secured in any way.

A tax credit, equal to 20 per cent of the investment, will be given to an individual who makes an eligible investment in a Labour-sponsored Venture Capital Corporation. In addition to this credit, investors may also be eligible for a similar credit offered by the federal government.

The provincial tax credit will be applied against Saskatchewan income taxes otherwise payable in the year in which the investment is made. The value of the credit will not have to be included in the income of the investor; however, the credit may increase a capital gain resulting from the disposition of the investment.

For further information, contact:

Saskatchewan Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6720

Corporate Tax Holiday For New Small Businesses

To encourage the creation of jobs, qualifying new small business corporations will be given a tax holiday on active business income for a period of two years. This is a holiday from provincial corporate income taxes otherwise payable.

The tax holiday will apply to new Canadian-controlled private corporations that are not associated with any other corporations now carrying on business in Canada. The holiday will apply to that portion of the first $200,000 of eligible active business income allocated to the Province pursuant to Part IV of the federal Income Tax Regulations in each of the qualifying years.

The following corporations are ineligible for the tax holiday:

- the professional practice of an accountant, dentist, lawyer, medical doctor, veterinarian or chiropractor;
- specified service corporations; and
- a business whose principal purpose is to provide managerial, administrative, financial or similar services to a related entity of a corporation carrying on a personal service business.

The program will apply to the first and second taxation years of corporations incorporated under The Business Corporations Act (Saskatchewan) after March 26, 1986 and before March 27, 1988.

Saskatchewan Revenue and Financial Services will be responsible for the administration of the tax holiday.

For further information, contact:

Saskatchewan Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6731

Reduction in the Sales Tax

In 1982, the Government introduced legislation to remove the Education and Health Tax from clothing for children under 15 years of age. Effective March 27, 1986, this exemption is extended to all clothing, footwear and yard goods valued at less than $300.

Qualifying purchases will have the same characteristics as those that are currently exempt for children. Clothing and footwear of general usage will now be exempt. However, certain items will not be exempt from the Education and Health Tax, for example:

- shoes with cleats
- ice skates and roller skates
- ski boots and skis
- life jackets
- helmets, hockey pants, shoulder pads, elbow pads, shin pads and similar sports equipment
- jewellery and watches
- wallets and purses.

Other than children's clothing, articles valued at $300 or more will be subject to the 5% Education and Health Tax on the total value. For example, if an article of clothing costs $400, the Education and Health Tax will be calculated on the entire amount and the tax will be $20.

Saskatchewan Revenue and Financial Services is responsible for the administration of the Education and Health Tax. The Department will be issuing a bulletin to retailers tonight that describes in detail the application of this tax reduction.

For further information, contact:

Saskatchewan Revenue and Financial Services
2nd Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6645
or 787-6650

The Capital Gains Tax Rebate Program

The Capital Gains Tax Rebate Program has been withdrawn for capital property disposed of after December 31, 1984.

The program provided a refund of the provincial income tax paid on the capital gain realized on the disposal of farm and other small business property.

The Capital Gains Tax Rebate Program became redundant when a $500,000 capital gains income deduction was introduced. This deduction became applicable in 1985 to capital gains realized from the sale of qualifying farm property and is being phased-in over six years for other capital property. Consequently, the provincial income tax liability from the disposition of capital property will be eliminated or substantially reduced.

For further information, contact:

Saskatchewan Revenue and Financial Services
3rd Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6690

Tobacco Tax

The Tobacco Tax has been increased from $0.77 per package of 25 cigarettes to $1.02 per package of 25 cigarettes, effective March 27, 1986.

The new tax rates on other tobacco products are:

Tobacco - per gram	$0.0165
Cigars - per cigar:	
Value to 20¢	$0.13
Value 21¢ to 40¢	$0.33
Value over 40¢	$0.60

Saskatchewan Revenue and Financial Services is responsible for the administration of the Tobacco Tax.

For further information, contact:

Saskatchewan Revenue and Financial Services
3rd Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-4600

Corporate Capital Tax

The general rate of the Corporate Capital Tax is increased from 0.3 per cent to 0.5 per cent; the rate applicable to banks is increased from 2.0 per cent to 3.0 per cent; and, the rate applicable to trust and loan companies is increased from 0.8 per cent to 1.2 per cent.

The new rates are retroactive to January 1, 1986.

Instalments due in April, 1986 must take the new rates into account and the payment for that and subsequent months will be calculated in the following manner: (taxable capital times the new rate applicable) divided by 12.

Corporations will have until June 30, 1986 to pay the additional tax owing for the retroactive period (January 1, 1986 to March 31, 1986) without incurring interest.

Currently, where the monthly instalment of a corporation is $200 or less, the corporation may pay its tax payable when it files its return. This limit is increased to $400.

Saskatchewan Revenue and Financial Services is responsible for the administration of the Corporation Capital Tax Act.

For further information, contact:

Saskatchewan Revenue and Financial Services
3rd Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6690

Corporate Income Tax

The general rate of corporate income tax is increased from 16 per cent to 17 per cent, retroactive to January 1, 1986.

The rates applicable on the first $200,000 of taxable income of Canadian-controlled private corporations will remain at 10 per cent on active business income and 0 per cent on manufacturing and processing profits.

The 17 per cent rate is fully applicable to taxation years beginning after December 31, 1985. For taxation years that straddle this date, the tax increase will be prorated based on the number of days in the taxation year that follow December 31, 1985.

For further information, contact:

Saskatchewan Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6731

1986 Saskatchewan Tax Expenditures

The Government of Saskatchewan provides a number of special provisions within its tax systems in order to achieve a variety of important social and economic objectives.

These provisions, which afford preferential or special tax treatment to specified individuals or corporations, are generally referred to as "tax expenditures". Tax expenditures can be in the form of exemptions, deductions, preferential tax rates, credits, deferrals or omissions.

Tax expenditures provide assistance to a broad group of individuals and corporations, including families, farmers, senior citizens and small businesses.

For 1986, the Province is introducing the following new tax expenditures:

- an exemption from E & H Tax for clothing, footwear and yard goods valued under $300;
- a two year exemption from Corporate Income Tax for new small businesses; and
- a significant expansion in the Saskatchewan Tax Incentives Program.

Additional provincial tax expenditure benefits will be provided to Saskatchewan residents as a result of the following recently announced federal tax expenditure expansions:

- the $500,000 capital gains exemption; and
- the expansion in the annual pension contribution limits.

Tax expenditures result in forgone or postponed revenue. Consequently, they have as significant an impact on the Province's budgetary position as a direct expenditure.

It is important to note that the effect of a series of tax expenditures cannot necessarily be obtained by adding together the revenue effects of the individual items. Due to the interrelationships among tax measures, particularly in the income tax system, the combined effect of two or more tax expenditures may be more or less than the sum of the separate effects.

The following tables are intended to inform the Legislative Assembly and the people of Saskatchewan about the major tax expenditures of benefit to Saskatchewan residents.

The tax expenditure estimates were calculated using tax collection data and Statistics Canada data. A computer income tax simulation model was employed for the individual income tax measures.

Government of Saskatchewan
1986 Tax Expenditure Account
(Value of Tax Expenditures in Millions of Dollars)

Sales Taxes

Exemptions	
1. Clothing, footwear and yard goods	$ 23.0
2. Children's clothing and footwear	3.4
3. Construction services	99.8
4. Drugs and medicines	6.8
5. Electricity – residences, farms and recreation facilities	6.5
6. Farm machinery and repair parts	35.4
7. Fertilizer, pesticide and seed	27.2
8. Food	79.9
9. Personal services	12.2
10. Reading materials	4.3
11. Services for repairs to personal property	14.0
12. Used goods	11.8

Individual Income Tax

Exemptions	
1. Basic exemption	$215.8
2. Marital exemption	28.3
3. Age exemption	18.5
4. Exemptions for dependants	22.0
Employment Expense Deductions	
1. General employment expense deduction	$ 19.3
2. Annual union, professional or like dues	4.7
3. Other employment expenses	5.3
Pension Deductions	
1. Canada Pension Plan contributions	$ 14.7
2. Registered Pension Plan contributions	18.6
3. Registered Retirement Savings Plan contributions	31.9
4. $1,000 pension income deduction	2.5
Medical and Charitable Deductions	
1. Medical expenses	$ 1.4
2. Charitable donations	12.4
Education Deductions	
1. Tuition fees	$ 1.4
2. $50 per month education deduction	0.7
Other Deductions	
1. Unemployment insurance premiums	$ 16.6
2. Forward averaging deduction	10.8
3. Child care expenses	2.4
4. $1,000 interest and dividends deduction	19.9
5. Moving expenses	1.2
6. Carrying charges	5.3
7. Dividend tax credit	39.2
8. $500,000 capital gains exemption	30.0

Provincial Tax Measures

1. $260 tax reduction	$ 37.0
2. $50 per dependent child tax reduction	4.9
3. $50 per senior citizen tax reduction	1.6
4. Saskatchewan Tax Incentives Program	
— Venture Capital Tax Credit	17.0
— Livestock Investment Tax Credit	5.0
— Livestock Facilities Tax Credit	4.5
— Stock Savings Tax Credit	5.0
— Labour-sponsored Venture Capital Tax Credit	0.5
5. Savings from indexing (see Note)	5.5

Note: The savings from indexing are calculated for the 1986 tax system compared to 1985 and do not represent the cumulative savings since indexing was introduced in 1974.

Corporation Income Tax

1. Lower tax rate for small business	$18.8
2. Small Business Manufacturing and Processing Tax Reduction	4.0
3. Tax holiday for new small business corporations	2.0
4. Saskatchewan Royalty Tax Rebate	6.0
5. Resource Allowance	34.9
6. Fast write-off for Canadian exploration and development expenses and depletion allowances	35.2
7. Excess capital cost allowance over book depreciation	44.3

Corporation Capital Tax

1. General exemption of $10,000,000	$20.2
2. Exploration and development expense allowance	2.5
3. Exemption for federal Crown corporations	5.7
4. Exemption for co-operatives, credit unions, family farm corporations and insurance companies	3.7

For further information on Saskatchewan's Tax Expenditures, contact:

Taxation and Economic Policy Branch
Saskatchewan Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: 787-6720

Saskatchewan Expenditures for a Typical Household

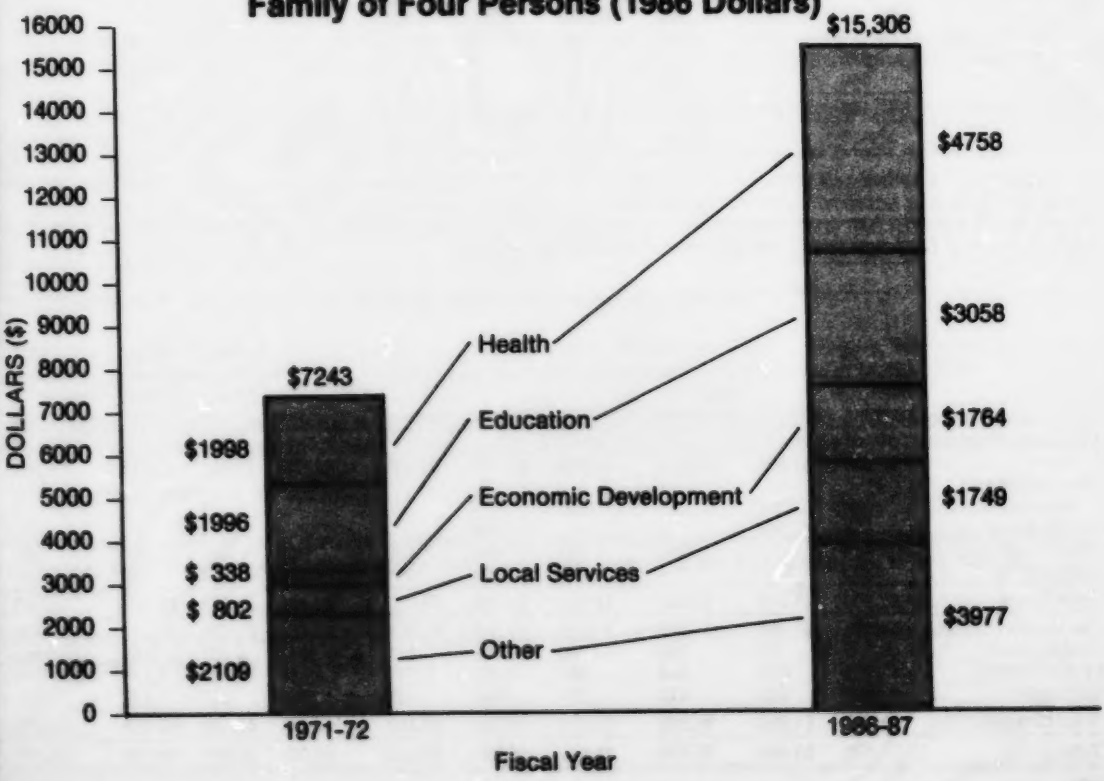
In 1986-87, the Saskatchewan Government will spend over twice as much in real terms on the average family of four as it did in 1971-72. Consequently, this year the Government will spend over $15,300 per family of four compared with less than $7,250 in 1971-72. The 1971-72 expenditures have been adjusted to account for inflation.

Significant growth has occurred in the areas of Health and Education, which in real terms have increased by over 95% since 1971-72. In 1986-87, funding of over $7,800 will be provided per family of four in Saskatchewan for these services, an increase of over $3,800 since 1971-72. Health funding alone has increased by $2,760 per family over this period - a clear indication of our continued commitment to providing quality health care for all Saskatchewan residents.

Government spending on Economic Development activities has also increased since 1971-72. The increase from $338 per family of four in 1971-72, to over $1,750 in 1986-87, is the result of increased investments in areas such as agriculture, job creation, small business development, and the resource sector.

In 1986-87, the Government is spending almost $950 more on local services per family of four than was the case in 1971-72. These funds assist municipal governments, operate policing and justice services throughout the province, and fund parks and cultural and recreational facilities.

The remaining portion of 1986-87 expenditures is provided for highway construction and maintenance, social assistance programs, public debt charges, and general government activities.



1986 Interprovincial Comparison of Personal Taxes and Charges

These tables show the most typical taxes and charges that an average family of two adults and two children would face across the country at income levels of $20,000, $30,000 and $40,000.

Overall, Saskatchewan has the lowest personal taxes and charges at the $20,000 income level and the second lowest at the $30,000 and $40,000 levels.

This is the result of a number of factors. Saskatchewan does not have a gasoline tax and does not collect health care premiums. The Province's retail sales tax rate is the lowest among the nine provinces which have a retail sales tax and, in addition, Saskatchewan exempts prepared meals, labour charges and most clothing. These factors lead to a level of taxes that is the third lowest in Canada for families at the $20,000 and $30,000 income levels and the second lowest at the $40,000 income level.

The low level of taxes is further enhanced by the lowest overall personal charges in the country for car insurance, telephone, home heating and electricity expenses.

TABLE 1: For a Taxpayer with Total Income of $20,000 per annum

	British Columbia	Alberta	Sask-atchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 720	$ 659	$ 761	$ 818	$ 758	$ 473	$ 879	$ 856	$ 796	$ 909
Tax Credits and Rebates	(380)	(320)	-	(443)	(183)	(4)	-	-	-	-
Health Premiums	456	336	-	-	714	-	-	-	-	-
Retail Sales Tax	269	-	148	255	309	306	419	374	331	574
Gasoline Tax	233	-	-	240	224	369	265	262	278	316
Total Taxes	$1,298	$ 675	$ 909	$ 870	$1,822	$1,144	$1,563	$1,492	$1,405	$1,799
Car Insurance	$ 666	$ 855	$ 432	$ 422	$1,065	$ 807	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	100	90	158	146	145	157	151	143
Home Heating	825	602	643	867	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	509	398	421	334	440	352	532	514	727	547
Total Charges	$2,175	$1,966	$1,596	$1,713	$2,725	$2,502	$3,125	$3,028	$3,139	$3,235
Total	$3,473	$2,641	$2,505	$2,583	$4,547	$3,646	$4,688	$4,520	$4,544	$5,034

TABLE 2: For a Taxpayer with Total Income of $30,000 per annum

	British Columbia	Alberta	Sask-atchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$1,641	$1,502	$2,011	$1,865	$1,727	$2,185	$2,003	$1,951	$1,813	$2,072
Tax Credits and Rebates	(380)	(320)	-	(325)	-	-	-	-	-	-
Health Premiums	456	336	-	-	714	-	-	-	-	-
Retail Sales Tax	404	-	222	382	464	459	628	560	496	861
Gasoline Tax	233	-	-	240	224	369	265	262	278	316
Total Taxes	$2,354	$1,518	$2,233	$2,162	$3,129	$3,013	$2,896	$2,773	$2,587	$3,249
Car Insurance	$ 666	$ 855	$ 432	$ 422	$1,065	$ 807	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	100	90	158	146	145	157	151	143
Home Heating	825	602	643	867	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	509	398	421	334	440	352	532	514	727	547
Total Charges	$2,175	$1,966	$1,596	$1,713	$2,725	$2,502	$3,125	$3,028	$3,139	$3,235
Total	$4,529	$3,484	$3,829	$3,875	$5,854	$5,515	$6,021	$5,801	$5,726	$6,484

TABLE 3: For a Taxpayer with Total Income of $40,000 per annum

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Provincial Income Tax	$2,788	$2,553	$3,319	$3,282	$2,934	$4,359	$3,403	$3,315	$3,081	$3,521
Tax Credits and Rebates	(380)	(320)	-	(325)	-	-	-	-	-	-
Health Premiums	456	336	-	-	714	-	-	-	-	-
Retail Sales Tax	538	-	297	510	618	611	837	747	661	1,149
Gasoline Tax	233	-	-	240	224	369	265	262	278	316
Total Taxes	$3,635	$2,569	$3,616	$3,707	$4,490	$5,339	$4,505	$4,324	$4,020	$4,986
Car Insurance	$ 666	$ 855	$ 432	$ 422	$1,065	$ 807	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	100	90	158	146	145	157	151	143
Home Heating	825	602	643	867	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	509	398	421	334	440	352	532	514	727	547
Total Charges	$2,175	$1,966	$1,596	$1,713	$2,725	$2,502	$3,125	$3,028	$3,139	$3,235
Total	$5,810	$4,535	$5,212	$5,420	$7,215	$7,841	$7,630	$7,352	$7,159	$8,221

Notes:

The tables are based upon a taxpayer claiming a spouse and two children (one child aged 6 or under and one child aged 12 -15). Total income includes earned income and family allowance payments (at 1986 rates). In order to compensate for the different family allowance payments in Quebec and Alberta, earned income in these provinces is correspondingly adjusted. In addition to personal exemptions, the employment expense deduction and CPP/QPP and UI contributions calculated at 1986 rates are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of federal basic tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions where applicable.

Tax credits and rebates refer to provincial income tax credits and grants or rebates designed to reduce the burden of property taxes. The taxpayer is assumed to own a home upon which $1,000 in property taxes is paid.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures for a family of four from **Family Expenditure in Canada, 1982** (Statistics Canada 62-555). The sales tax base in each province was identified from the various provincial Acts. An estimate was then made of total taxable family expenditures in each province (excluding expenditures on electricity and heating fuels).

Gasoline tax is based upon an annual consumption of 2,700 litres of gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as obtained in March 1986.

Car insurance is based upon the rate for a married male, over 30 years of age, driving a 1984 Dodge Aries. Coverage includes $500,000 third party liability, $100 deductible collision and $100 deductible comprehensive.

The telephone charge is for the main phone in an individual residence.

Home heating assumes an annual consumption of 168 mcf of natural gas. For the Atlantic Provinces the figures represent the BTU equivalent consumption of fuel oil. Rates include taxes and surcharges which may be applicable.

Charges for electricity are based upon an annual consumption of 7,200 kW.h. Rates include taxes and surcharges which may be applicable.